

REPORTER'S TRANSCRIPT OF PROCEEDINGS

MEETING OF THE  
CALIFORNIA PRIVACY PROTECTION AGENCY

PUBLIC BOARD MEETING

THURSDAY, MAY 1, 2025

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Cannabis Control Appeals Panel Hearing Room  
400 R Street, Suite 350, Sacramento, California 95811

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1 APPEARANCES:

2  
3 Jennifer M. Urban, CPPA Chairperson

4 Alastair MacTaggart, CPPA Board Member

5 Drew Liebert, CPPA Board Member

6 Brandie Nonnecke, PhD, CPPA Board Member

7 Jeffrey Worthe, CPPA Board Member

8 Tom Kemp, CPPA Executive Director

9 Tiffany Garcia, CPPA Chief Deputy Director

10 Maureen Mahoney, CPPA Deputy Director of Policy and  
11 Legislation

12 Megan White, CPPA Deputy Director of Public and  
13 External Affairs

14 Lisa Kim, CPPA Senior Privacy Counsel and Advisor

15 Philip Laird, CPPA General Counsel

16 Kristen Anderson, CPPA Attorney

17 Neelofer Shaikh, CPPA Attorney

18 Serena Marzion, CPPA Moderator

19 P. Anthony Thomas

20 Danielle Kando-Kaiser

21 Edwin Lombard

22 Julian Cañete

23 Swati Chintala

24 Cheryl Brownlee

25 Mark Jacobs

1 APPEARANCES (Continued):

2 Brynne O'Neal

3 Michelle Han

4 Fred Sotelo

5 Ronak Daylami

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THURSDAY, MAY 1, 2025

9:00 a.m.

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CHAIR URBAN: Good morning. Welcome to this meeting of the California Privacy Protection Agency Board. I'm going to do a quick sound check.

Ms. Marzion, is that all right? Okay. Wonderful.

It's May 1, 2025, we are meeting in Sacramento today. I'm pleased to be here in person with the Board, and members of the public, and to welcome many of you via Zoom.

Before we get started with the substance of the meeting, I have some logistical announcements.

First, I'd like everyone to please check that your microphone is muted when you're not speaking.

Second, I'd like to ask everyone who's here in person to turn off or silence their cell phones, as I'm doing right now to avoid interruption. Thank you for doing that.

And, third, importantly, this meeting is being recorded.

As you may know, our temporary ability to

1 mute remotely and still comply with Bagley-Keene has  
2 become limited. Therefore, this meeting is in a  
3 hybrid format, and my fellow board members and  
4 members of the CPPA staff are here in person. And I  
5 know most members of the public are joining remotely.

6 The hybrid format does create technical  
7 complexity. So, if we have any technical kinks  
8 during the meeting, we will pause the meeting to  
9 address the issue.

10 Today's board meeting is physically being  
11 held at the Cannabis Control Appeals Panel Hearing  
12 Room in Sacramento. We appreciate the CCAP team for  
13 their hospitality.

14 All right. Now, I'll talk about  
15 logistics and meeting participation. Today's meeting  
16 will be run according to the Bagley-Keene Open  
17 Meeting Act, as required by law. We will proceed  
18 with topics on the Agenda, which is available as a  
19 handout here in Sacramento and on the CPPA website.  
20 Materials for the meeting are also available as  
21 handouts here and on the CPPA website under the entry  
22 for today's meeting.

23 You may notice that board members are  
24 accessing their laptops, phones, or other devices  
25 during the meeting. We are using these devices

1 solely to access board meeting materials.

2 After each agenda item, there will be an  
3 opportunity for questions and discussion by board  
4 members, and I will also ask for public comment on  
5 each agenda item.

6 Each speaker will be limited to three  
7 minutes per agenda item. We will also have a  
8 designated time on the agenda for general public  
9 comment, which is No. 6 today.

10 If you are attending via Zoom and you  
11 wish to speak on an item, please wait until I call  
12 for public comments on that item and then allow staff  
13 to prepare for Zoom public comment. Then please use  
14 the raise-your-hand function, which is in the  
15 reaction feature at the bottom of your Zoom screen.

16 If you wish to speak on an item and  
17 you're joining by phone, please press Star 9 on your  
18 phone to show the moderator that you are raising your  
19 hand. Our moderator will call your name when it is  
20 your turn and request that you unmute yourself for  
21 comment. At that time, those using the webinar and  
22 those dialing by phone can press Star 6. So Star 9  
23 to raise your hand. Star 6 to unmute. When your  
24 comment is completed, the moderator will mute you.

25 Please note that the Board will not be

1 able to see you, only hear your voice. Thus, it is  
2 helpful if you identify yourself, but we are the  
3 privacy agency and this is an entirely voluntary  
4 choice on your part. You can also input a pseudonym  
5 when you log into the Zoom meeting.

6 If you're attending in person and you  
7 wish to speak on an item, please wait for me to call  
8 for public comments and then move toward the podium,  
9 which is to my right today, to form a line. You will  
10 be called on in your turn.

11 As with the Zoom attendees, it's always  
12 helpful if you identify yourself when you begin  
13 speaking. But, again, this is entirely voluntary,  
14 and you, of course, may use a pseudonym or not give a  
15 name at all.

16 Please speak into the microphone so that  
17 everyone participating remotely can hear you and your  
18 remarks will be recorded for the meeting record. The  
19 podium microphones can be a little temperamental, so  
20 please be sure to speak directly into them.

21 I'd like to thank our moderator, Serena  
22 Marzion, for managing the technical aspects of  
23 today's meeting and being our moderator today.

24 Second, given that the hybrid meeting  
25 format can be a little bit finicky, I want to be sure

1 that everyone knows what to do if any of you  
2 attending remotely experience any issue with the  
3 remote meeting.

4 For example, if the audio drops off or  
5 the video drops off, if something happens, please  
6 e-mail info@coppa.ca.gov. That is I for I, N for  
7 Nancy, F for Frank, O, @coppa.ca.gov. This will be  
8 monitored throughout the meeting. If there's an  
9 issue that is affecting the meeting, we'll pause to  
10 let our technical staff work on the issue.

11 The Board welcomes public comment on  
12 every line item on the agenda, and it is the Board's  
13 intent to ask for public comment prior to voting on  
14 any agenda item.

15 If for some reason I forget to ask for  
16 public comments on any agenda item and you wish to  
17 speak on that item, please let us know by using the  
18 raise-your-hand function or just raising your hand if  
19 you're here in person, and the moderator will  
20 recognize you.

21 Important to note, each speaker will be  
22 limited to three minutes per agenda item for public  
23 comments. And if you're speaking on an agenda item,  
24 Bagley-Keene requires that both board members and  
25 members of the public must contain their comments to



1 that agenda item, and we may discuss only agenda  
2 items. There is the extra accommodation for the  
3 public on the agenda item for public comment on items  
4 not on the agenda today.

5 That's No. 6 for today, again.

6 And we also have an item designated for  
7 bringing up potential future agenda items. So thank  
8 you for your attention to the parameters set for us  
9 by Bagley-Keene.

10 We will take breaks as needed today,  
11 including one for lunch. I will announce each break  
12 and when we plan to return or at least give a range  
13 so that members of the public can leave and come back  
14 if they wish before we begin again.

15 Please note that the eighth item today is  
16 a closed-session item. The Board will -- I will  
17 notify the public when we take up that item, and the  
18 Board will go into closed session. And when we  
19 return, we will -- the meeting will remain open, but  
20 we will -- we will come back when we are done with  
21 that item.

22 Many thanks to the Board members for  
23 their service and everyone who's working today to  
24 make this meeting possible. I'd also like to thank  
25 Executive Director Tom Kemp and Mr. Phillip Laird,

1 General Counsel, who's our meeting counsel today,  
2 and, again, our moderator, Ms. Serena Marzion, whom I  
3 will now ask to please conduct the role call.

4 MS. MARZION: All right. Board Member  
5 Liebert?

6 MEMBER LIEBERT: Here.

7 MS. MARZION: Board Member MacTaggart?

8 MEMBER MACTAGGART: Here.

9 MS. MARZION: Board Member Nonnecke?

10 MEMBER NONNECKE: Here.

11 MS. MARZION: Board Member Worthe?

12 MEMBER WORTHE: Here.

13 MS. MARZION: Chair Urban?

14 CHAIR URBAN: Here.

15 MS. MARZION: Madame Chair, you have five  
16 present members and no absences.

17 CHAIR URBAN: Thank you, Ms. Marzion.

18 The Board has established a quorum. I  
19 would like to remind board members that we will take  
20 a roll call vote on any action items we vote on  
21 today.

22 With that, we'll move to Agenda Item  
23 No. 2, which is an item for Chairperson and Executive  
24 Director's Update. I have a few updates, and I  
25 believe our executive director does as well.

1 Wonderful.

2 I'm excited to highlight an announcement  
3 that came out on our media -- social media earlier  
4 this week, which is after many efforts and  
5 longstanding conversations by staff, including our  
6 previous executive director, the California Privacy  
7 Protection Agency and the UK Information  
8 Commissioner's office have signed a declaration of  
9 collaboration to strengthen cross-border privacy  
10 enforcement and knowledge sharing.

11 The agreement allows the two agencies to  
12 conduct research and education together, to share  
13 best practices, to host collaborative meetings, and  
14 exchange insights and develop mechanisms for mutual  
15 cooperation. I've said this multiple times, but it  
16 bears saying again that I am -- oh, mic closer.

17 Okay. It's okay. You can just yell it  
18 out.

19 Is that better? Okay.

20 I hope I haven't buried this very  
21 exciting news by not speaking into the mic.

22 I am incredibly proud of the agency and  
23 all of our partners for the continuing and growing  
24 cooperation on consumer privacy issues across many  
25 jurisdictions. Our statute both empowers and directs

1 us to engage in this cooperation, and this is another  
2 wonderful example of that work.

3 I'd also like to highlight the fact that  
4 next week is Public Service Recognition Week. This  
5 is an annual California tradition to honor the  
6 dedicated individuals who serve all of our  
7 communities as federal, state, county, and local  
8 government employees.

9 Particularly in today's political  
10 climate, I think that it's important that we take the  
11 time to recognize the incredible service of our  
12 public servants, their dedication, their skill, and  
13 everything that they do to improve the lives of  
14 others every day.

15 At CPPA specifically, we are lucky to  
16 have an incredibly talented and dedicated staff which  
17 has shown its commitment to protecting and promoting  
18 California's privacy rights, to providing information  
19 and guidance to the regulated community, and to their  
20 skill and creativity and steadfastness in this work.

21 So on behalf of the CPPA board, I want to  
22 extend our heartfelt thanks and recognition to the  
23 public servants at our agency and across government.  
24 Your work truly matters. Thank you for your service,  
25 dedication, and everything that you do.

1 I have one final announcement which is  
2 related to our welcome of our new executive director.  
3 In our last meeting, the Board held a closed session  
4 to discuss and possibly take action on the  
5 appointment of an executive director on chief privacy  
6 auditor on May 6th and 7th, 2025, under authority of  
7 Government Code 11126(a)(1). And the Board voted, as  
8 it will probably be obvious, to offer the executive  
9 director position to Tom Kemp by a vote of 4 to 1.

10 And with that, those are my  
11 announcements.

12 Mr. Kemp, I'll turn it over to you.

13 MR. KEMP: Thank you. Thank you, Chair  
14 Urban, and thank you to the Board for selecting me  
15 for this position. I'm deeply, deeply humbled to  
16 serve the people of California in this role. I would  
17 like to thank the agency staff for their warm welcome  
18 and helping me to get up to speed.

19 Special thanks to Chief Deputy Director  
20 Garcia for her guidance, and I'm very fortunate to be  
21 joining such a competent and effective team. I want  
22 to briefly give an update on recent agency  
23 announcements and activity and provide some context  
24 behind these actions.

25 First, the agency continues to be very

1 much focused on helping Californians operationalize  
2 their privacy rights.

3 As professor Daniel Solove has noted, in  
4 California and other states, consumer privacy is  
5 based on an individual control model that aims to  
6 empower individuals with rights to help them control  
7 the collection, use, and disclosure of their data.

8 Californians have the strongest privacy  
9 rights in the US, but individuals often lack the time  
10 and expertise to make difficult decisions about  
11 privacy. And rights cannot practically be exercised  
12 at scale given the thousands of organizations that  
13 process people's data.

14 The CPPA is focused on addressing this  
15 issue.

16 First as it relates to third-party data,  
17 we are continuing to build the delete request and  
18 opt-out platform, also known as the Drop System that  
19 will go live next year. We would like to thank the  
20 California Department of Technology for their  
21 partnership in building the system. This will  
22 provide a one-stop portal to enable deletion and  
23 opt-outs from hundreds of data brokers.

24 As you recall, at the March meeting, the  
25 Board approved the formal rulemaking process with

1 respect to draft regulations that will implement the  
2 Drop.

3 To that end, I am pleased to announce  
4 that we opened formal rulemaking last Friday,  
5 April 25th. The public comment period will run until  
6 June 10th, on which date the agency will also hold a  
7 public hearing to receive oral comments about the  
8 proposed regulations.

9 The hearing will run from 1:00 to  
10 3:00 p.m. and will be conducted in a hybrid format.  
11 Members of the public may attend the meeting in  
12 person at the Cannabis Control Appeals Panel Hearing  
13 Room located at 400 R Street, Suite 330, in  
14 Sacramento or virtually via Zoom.

15 In terms of funding, the Governor's  
16 proposed budget for fiscal year 2025-26 includes  
17 three budget change proposals for the CPPA  
18 specifically requesting additional resources for  
19 facilities, enforcement infrastructure, and Drop.  
20 All requests are currently moving through the budget  
21 process.

22 Two of our deputy directors,  
23 Ms. Chitambira and Ms. Mahoney, testified in support  
24 of these proposals before the Assembly Budget  
25 Committee No. 5 on March 18th and the Senate Budget,

1 and Fiscal Review Subcommittee No. 4 on April 3rd.  
2 We are optimistic that these proposals will be  
3 approved and remain committed to seeing them through  
4 final approval.

5 As it relates to first-party data, as  
6 Ms. Mahoney will talk about in a few minutes, we are  
7 the sponsors of Assembly Member Lowenthal's AB 566.  
8 This bill makes it easier for consumers to exercise  
9 their privacy rights by requiring browsers and mobile  
10 operating systems to include a setting that allows  
11 users to exercise their existing privacy rights to  
12 opt out of the sale and sharing of personal  
13 information through opt-out preference signals.

14 The bill is similar to the bill the  
15 Governor vetoed last year, but there has been a  
16 dramatic change that occurred over the last few  
17 months in terms of invasive consumer tracking that  
18 makes passage of this bill even more critical.

19 Specifically, a large advertising  
20 platform has updated its policies to allow its ad  
21 partners to use digital fingerprinting technologies  
22 to identify users and collect information about them.

23 Fingerprinting allows businesses to  
24 collect information about a device's hardware or  
25 software, which can be easily combined with other



1 data to uniquely identify a user, which means that  
2 having an opt-out preference signal available on all  
3 platforms is even more critical than ever as blocking  
4 third-party cookies is no longer a viable option with  
5 respect to reducing the impact of digital  
6 fingerprinting.

7 Next, the agency is laser focused on  
8 addressing California's real world privacy harms,  
9 including the misuse of personal information about  
10 their health, location, kids, identity, and more.

11 This is why we've partnered with eight  
12 other state regulators to collaborate on the  
13 implementation and enforcement of our respective  
14 privacy laws with the shared goal of protecting  
15 consumers. The Consortium of Privacy Regulators is  
16 a bipartisan effort that includes state attorney  
17 generals and the California Privacy Protection  
18 Agency.

19 As Chair Urban also mentioned, we've also  
20 partnered with The UK's ICO to share best practices,  
21 building upon the partnerships with the data  
22 protection authorities in France and Korea. All  
23 these collaborations allow us, the CPPA, to better  
24 protect the privacy of Californians.

25 Finally, we've been spending a lot of

1 time listening and learning from stakeholders. We  
2 will continue to listen to stakeholders and strive to  
3 strike the right balance between enabling the most  
4 robust privacy protections for all Californians and  
5 innovation, so that the California -- so that  
6 California has the best of both. Thank you.

7 CHAIR URBAN: Thank you, Mr. Kemp.

8 Are there questions or comments from  
9 board members?

10 Mr. Liebert, please go ahead.

11 MEMBER LIEBERT: Thank you very, very  
12 much for those comments. And I was intrigued with  
13 your update about the state of cookies, and the  
14 ability of consumers to try to protect their privacy.

15 I just want to reiterate my own view that  
16 our current privacy model requiring consumers to try  
17 to protect their data is clearly not working, never  
18 has worked, and is totally unreasonable. And so the  
19 Board's efforts here to work hard to try to address  
20 that problem is like swimming upstream, but we have  
21 to keep swimming.

22 And I'm very pleased to hear about the  
23 efforts that we're doing to work with other countries  
24 to try to figure this conundrum out. The way the  
25 basic add -- a system for funding the internet

1 clearly has never protected consumer data. We all  
2 know it's more at risk now than it ever has been. So  
3 I want to congratulate the staff for all the work  
4 that they're doing and thank you for that update.

5 CHAIR URBAN: Thank you. Thank you,  
6 Mr. Liebert.

7 All right. Well, thank you very much,  
8 Mr. Kemp. That's an impressive array of activities  
9 by the agency staff and -- which we have become  
10 accustomed to. But we do realize how lucky we are  
11 and how lucky the state of California is to have to  
12 have this amazing skill set and dedication on the  
13 staff. So thank you for that.

14 Is there a public comment?

15 MS. MARZION: If you'd like to make a  
16 comment at this time, please raise your hand using  
17 the raised-hand feature, or by pressing Star 9 if  
18 you're joining us by phone. This is for Agenda Item  
19 No. 2, Chairperson and Executive Director's Update.

20 Madame Chair, it looks like we have a few  
21 commenters.

22 CHAIR URBAN: Great. Thank you.

23 MS. MARZION: Nisha Patel, I'm going to  
24 unmute you at this time. You'll have three minutes  
25 to make your comment. So, please begin as soon as

1 you're ready.

2 (No audible response.)

3 Nisha Patel?

4 MS. PATEL: Sorry, no comment.

5 MS. MARZION: We have J-A-A-K-K-O, go  
6 ahead and speak -- no, it looks like you took your  
7 hand down as well.

8 Once again, if you'd like to make a  
9 comment on Agenda Item No. 2, please raise your hand  
10 using the raise-hand feature or press Star 9 if  
11 you're joining us by phone.

12 Madame Chair, I'm not seeing any other  
13 hands raised at this time.

14 CHAIR URBAN: All right. Thank you very  
15 much, Ms. Marzion.

16 With that, we will move to Agenda Item  
17 No. 3, which is a legislative update and potential  
18 authorization of California Privacy Protection Agency  
19 positions on pending legislation. And that will be  
20 presented by our Deputy Director of Policy and  
21 Legislation, Ms. Maureen Mahoney.

22 Please turn your attention to the  
23 materials provided for this agenda item. I believe  
24 Ms. Mahoney will present the slides, and we'll  
25 request our questions and comments where it makes

1 sense in the course of the presentation because there  
2 are multiple things to consider. Great. Thank you.

3 Please, go ahead.

4 MS. MAHONEY: Thank you, Chairperson  
5 Urban, Board Members. I appreciate the opportunity  
6 to provide an update on our legislative work. And I  
7 am getting over a cold, so if I do get a coughing  
8 fit, please bear with me.

9 For this item, I'll do several things.  
10 First, I'll provide an update on our engagement at  
11 the federal level. Then I'll provide a very high  
12 level overview of some of the privacy and automated  
13 decisionmaking technology bills that we're monitoring  
14 in states across the country. Then I'll turn to  
15 California. I'll give a brief update on the  
16 CPPA-sponsored bill, AB 566, on opt-out preference  
17 signals. Then I'll provide an update on several  
18 privacy and tech bills in California that we're  
19 watching, but we're not recommending that the Board  
20 take a formal position on.

21 And then at the end, I'll present for  
22 Board consideration the recommended positions on five  
23 California bills that specifically amend the CCPA,  
24 the Delete Act, or direct the agency to act.

25 So after each of these sections, I'll

1 pause for comments and feedback from the Board.

2 So first, I'll turn to our engagement at  
3 the federal level. So, we are continuing to see  
4 interest on the federal level and comprehensive  
5 privacy legislation, particularly in the House of  
6 Representatives. Although at this point a new draft  
7 has not yet been circulated.

8 So in this area, the House Energy and  
9 Commerce Committee has created a working group,  
10 including only members of the majority party. And  
11 they're exploring and developing a new framework for  
12 federal privacy legislation. So going back to the  
13 drawing board, as it were, they issued a request for  
14 information to hear from stakeholders about key  
15 priorities and existing models in other  
16 jurisdictions.

17 Those comments were due April 3rd. The  
18 Agency did submit comments urging Congress to  
19 establish a strong federal floor of protections while  
20 allowing the State's -- the ability to go further  
21 consistent with the Agency's position.

22 The New Jersey attorney general joined  
23 us, signed onto the letter we submitted.

24 In terms of next steps, we're hearing  
25 that we may see draft language on the privacy bill

1 later this year from LCNC, although it could be  
2 sooner. It depends on their process. So we are  
3 hearing fall, but it could be earlier.

4 We're also hearing that kid's privacy  
5 legislation may move separately, so we could see that  
6 even earlier.

7 For example, COPPA 2.0 has already been  
8 reintroduced in the Senate, but not yet in the House  
9 and has not yet been considered by the relevant  
10 policy committees.

11 We've also been monitoring a notice of  
12 proposed rule-making from the Consumer Financial  
13 Protection Bureau that amends the Fair Credit  
14 Reporting Act rules to make certain types of data  
15 brokers subject to that law.

16 So we submitted a public comment that  
17 explained how the Delete Act regulates data brokers,  
18 how it aligns with and operates alongside the Fair  
19 Credit Reporting Act. And we're continuing to  
20 monitor a wide variety of federal bills focusing on  
21 privacy, children's rights, and artificial  
22 intelligence.

23 Next is a high-level overview of what  
24 we're seeing in the state level across the country.

25 So as you well know, and as the

1 chairperson mentioned, the CCPA directs our agency to  
2 work with privacy authorities across jurisdictions to  
3 work towards consistency and privacy protections  
4 where possible. So, we monitor privacy legislation  
5 and we engage where appropriate.

6 So, these are 18 states that introduced  
7 comprehensive privacy bills. So, that's on top of  
8 the approximately 20 states, including us, that have  
9 already adopted comprehensive privacy laws.

10 Several sessions have early session  
11 deadlines, so we know that already seven of those did  
12 not pass. But seven states still have active bills.  
13 So we may see more states come online with privacy  
14 loss this year.

15 There have also been delete style act  
16 bills introduced in three states. So again, the  
17 trend in terms of folks looking to California to see  
18 where the leading edge in privacy is. So it's  
19 Illinois, Nebraska, and Vermont, only one of which,  
20 Nebraska, is still currently active.

21 And then ADMT remains a very active space  
22 around the country. We've been monitoring the  
23 comprehensive ADMT bills. 12 states have introduced  
24 such bills, five of which have already died, so seven  
25 are still pending.



1                   So, again, a lot of activity in this  
2 space. And I'll pause here before moving to  
3 California.

4                   CHAIR URBAN: Questions from board  
5 members? Yeah. Sorry, I can't turn my head this  
6 way.

7                   MEMBER MACTAGGART: Thanks, Ms. Mahoney.  
8                   Just, can you give me a sense of your  
9 opinion on the 18 bills and the three in the 12 --  
10 how many of them are good and how many of them are  
11 not good? Just rough, rough.

12                  MS. MAHONEY: In general, we've seen --  
13 we're seeing a trend towards states kind of rash --  
14 just rationing up the privacy protections, encouraged  
15 by states like Alabama having bills with  
16 comprehensive -- with a global opt-out.

17                  In terms of good bills versus bad bills,  
18 out of the 11 that are still pending, I would say  
19 seven are good in trying to move the needle forward  
20 and at least have some sort of global opt-out.

21                  CHAIR URBAN: Dr. Nonnecke?

22                  MEMBER NONNECKE: Thank you. Out of the  
23 bills that are still remaining, are they in alignment  
24 with our law in California, or is there a  
25 misalignment?

1 MS. MAHONEY: That's a good question.  
2 I -- I would say that the similarities are  
3 overwhelming in the sense that all of them provide  
4 the same baseline privacy protections in terms of  
5 access, deletion, some form of stopping the transfer  
6 of information. Some of them go even further with  
7 really strict data minimization.

8 Some of them, you know, maybe have  
9 broader exemptions for federal laws, definitions that  
10 are not quite as comprehensive. So I'd say that they  
11 follow the same general trend, but some are a little  
12 stronger and some are weaker.

13 CHAIR URBAN: Sorry to put you on the  
14 spot and -- but on the ADMT bills?

15 MS. MAHONEY: Yeah.

16 CHAIR URBAN: Is the approach similar to  
17 the bills we're seeing in the California legislature  
18 or to our bill? Or I mean, to our -- ours is fairly  
19 limited in its language, but we need to implement the  
20 regulations, of course. Or are Colorado's -- is  
21 there a model emerging or are they quite different?

22 MS. MAHONEY: Well, I'll caveat in saying  
23 that there are many AI bills that are out there.  
24 We've been focused on the comprehensive ADMT bills,  
25 which is where a lot of the focus has been. And I

1 would say that there is a framework that is  
2 developing, you know, very similar to the Colorado AI  
3 Act, similar to the bills we're seeing in the  
4 California legislature in terms of Representative  
5 Bauer-Kahan's AB 1018 and Senator Padilla's SB 420,  
6 which I'll talk about a little bit more, but a focus  
7 on trying to avoid algorithmic discrimination, some  
8 form of notice and, you know, opt-out or appeal.

9 CHAIR URBAN: Thank you. And the CFPB  
10 regulation rulemaking? Apologies for my lack of  
11 memory here.

12 Was that -- did that go -- did that begin  
13 before or after the administration changed over?

14 MS. MAHONEY: It began before. They've  
15 been working on it for, you know, maybe a year or  
16 two. But they continued to keep the comment period  
17 open as the administration turned over.

18 MEMBER NONNECKE: Thank you. Okay.

19 MEMBER LIEBERT: I'm curious as to  
20 whether or not there are any employees left at the  
21 agency to continue that work. Do we know whether  
22 those folks are still there?

23 MS. MAHONEY: My understanding is this is  
24 a very unstable situation, but that it's a very small  
25 percentage of folks that are still around at this

1 point.

2 CHAIR URBAN: Thank you, Ms. Mahoney.

3 Additional questions?

4 All right. Is there a public comment or  
5 no, that's not -- let's not do public comment. I  
6 apologize. You have -- you have more to go. Thank  
7 you, Ms. Mahoney. Go ahead.

8 MS. MAHONEY: Okay. So now I'll move on  
9 to the California bills to give you a sense of where  
10 we are in the legislative process. It's still  
11 relatively early on. Tomorrow is a key deadline.

12 So tomorrow's the deadline for bills that  
13 are keyed fiscal to be reported out of the policy  
14 committees in the First House. The non-fiscal bills  
15 have until May 9th to get reported out of policy  
16 committee, and then the fiscal bills have to get out  
17 of appropriations by May 23rd. So that'll be a key  
18 point.

19 June 8th is a deadline for each House to  
20 pass bills introduced in that Chamber and send them  
21 over to the other Chambers. So that's the cross-over  
22 deadline. The committee process is then repeated in  
23 the opposing Chambers.

24 September 12th is a deadline for bills to  
25 clear the legislature, and then the Governor will

1 have until October 12th to sign, veto, or allow to  
2 become law.

3 And I want to start with an update on  
4 AB 566, author -- authored by Assembly Member  
5 Lowenthal, our opt-out preference signal bill that  
6 CPPA sponsoring -- that Mr. Kemp just gave a great  
7 update on. So as you know, these opt-out preference  
8 signals are so important in giving consumers a  
9 one-step way of stopping the sale and sharing of  
10 their personal information with all businesses they  
11 interact with online.

12 A few privacy focus browsers have offered  
13 these tools, but the biggest ones don't offer support  
14 for them. Furthermore, the major browsers on mobile  
15 platforms don't even allow extensions to be added to  
16 them. So, you can't even use a third-party plug in  
17 on mobile. And there's no opt-out preference signal  
18 for apps.

19 AB 566 addresses this problem by  
20 requiring browsers and mobile operating systems to  
21 offer these signals.

22 Since the bill has been introduced, staff  
23 in the author's office have worked to expand support  
24 for the bill beyond privacy groups, per the Board's  
25 direction. The bill does have new supporters, such

1 as Common Sense Media and Mozilla. And we'll  
2 continue to work to get more support.

3 Staff has also worked with the author to  
4 engage stakeholders early on and is working to find  
5 ways to address the oppositions' concerns.

6 So in terms of where the bill is, it's  
7 advanced out of Assembly Privacy and Assembly  
8 Appropriations. So, it's eligible for a floor vote  
9 in the house of origin, which hopefully will happen  
10 at some point in the next few weeks.

11 Next I'm going to provide brief updates  
12 on a selection of bills that we're watching because  
13 they're relevant to the Agency's work, but we're not  
14 recommending that the Board take a position on them,  
15 because they don't affect the CCPA. They don't amend  
16 the CCPA, or the Delete Act, or direct the agency to  
17 act, with the exception of one, which I'll talk  
18 about.

19 And I'm going to start with several ADMT  
20 and surveillance bills that we flagged because they  
21 potentially overlap with the proposed ADMT and risk  
22 assessment regulations and the CCPA statute itself.

23 These bills generally fall into two  
24 categories, ADMT and employment surveillance. I'll  
25 also discuss an insurance bill that has relevance

1 with respect to our proposed regulations pertaining  
2 to insurance companies. And then I'll conclude with  
3 a bill that regulates foreign information transfers.

4 So turning first to the ADMT-related  
5 bills. To save time, I just want to note at a high  
6 level that these ADMT and employment surveillance  
7 bills I'm about to discuss, it appears that there's  
8 some overlap with our regs and under the CCPA in its  
9 current form, but they all build on and go further  
10 than what the proposed regs do.

11 So starting with AB 1018 from Assembly  
12 Member Bauer-Kahan on automated decision systems, so  
13 this bill is a modified version of AB 2930 from the  
14 same author that we followed closely last year.

15 It governs automated decision systems  
16 used to make consequential decisions, but with a  
17 broader definition than in our proposed regs. It  
18 requires performance evaluations, pre and post use  
19 disclosures when using automated decision systems for  
20 consequential decisions, allows individuals to opt  
21 out, correct the information, and appeal the  
22 decisions.

23 It doesn't implicate the CPPA. The bill  
24 is enforced by a number of entities, including the  
25 AG, the Civil Rights Department and the labor

1 commissioner. And it does have an interesting  
2 provision specifying the business is subject to the  
3 CCPA or also subject to, you know, the CPPA  
4 regulations, as well as the requirements of this  
5 bill.

6           There's a similar bill offered by Senator  
7 Padilla, SB 420, on automated decision systems. This  
8 regulates high-risk automated-decision systems,  
9 requires impact assessments, notice when automated  
10 decision systems are used for decisionmaking, and,  
11 when feasible, allowing individuals' right to appeal  
12 the decision with human review.

13           The next is SB 7 from Senator McNerney.  
14 This bill specifically regulates the use of automated  
15 decision systems in the employment context.

16           Employees are granted rights to access,  
17 correct the information used to appeal the decision,  
18 and there's a notice requirement as well. The bill  
19 also has additional requirements, such as that  
20 hiring, promotion, discipline, and termination  
21 decisions can't rely primarily on automated decision  
22 systems.

23           Again, the CPPA doesn't have a role with  
24 respect to this bill. It's enforced by the labor  
25 commissioner and has private right of action.



1           Then we have AB 1064 from Assembly Member  
2     Bauer Kahan. This bill establishes a regulatory  
3     framework for AI products targeted to children. It  
4     creates the LEAD for Kids Standards Board within gov  
5     ops, which is in the governor's office, to oversee  
6     and regulate AI systems that are used by or on  
7     children.

8           So it requires developers of these AI  
9     products that are targeted to kids to register the  
10    product with the Board, perform a risk level  
11    assessment.

12          The bill notably also requires  
13    affirmative consent before a kid's personal  
14    information can be used to train an AI system.

15          Again, CPPA does not have a role with  
16    respect to this bill.

17          Then we have AB 1221 from Assembly Member  
18    Bryan. This has to do with workplace surveillance  
19    tools, and it requires employers to notify employees  
20    if there are surveillance tools that are used in the  
21    workplace to collect employee data. Employees have  
22    the right to access, correct the data. And then  
23    there are additional provisions that go further than  
24    the CCPA in terms of prohibiting the transferring or  
25    selling of any employee data to third parties.

1           Again, CPPA doesn't have a role in the  
2 bill. It's enforced by the labor commissioner and a  
3 private right of action.

4           So, moving on a little bit from the ADMT  
5 and workplace surveillance bills, there's an  
6 insurance bill, SB 354 from Senator Limon.

7           So, as you know, the CCPA directs our  
8 agency to review the privacy requirements established  
9 by California's insurance code, develop regulations  
10 that would apply the CCPA to insurance companies,  
11 only to the extent that the CCPA provides greater  
12 protections.

13           So, we're monitoring this bill because it  
14 establishes new regulations for insurance entities  
15 and it creates a comprehensive framework.

16           In its current form, each statute of the  
17 insurance bill has equal or stronger privacy  
18 provisions in the CCPA, and would likely negate or  
19 need to adopt additional regulations beyond the  
20 current work to specifically address insurance  
21 companies.

22           So it establishes standards with respect  
23 to the processing of personal information by  
24 insurance licensees to third-party insurance  
25 providers, providing right to know, correct,

1 deletion.

2 It also requires consumer consent to use  
3 personal information for non-insurance-related  
4 purposes, for marketing purposes, or even for sharing  
5 information. So it's an opt-in framework, and it's  
6 enforced by the insurance commissioner and by private  
7 right of action.

8 CHAIR URBAN: Great.

9 MS. MAHONEY: And then finally, in terms  
10 of our watch bills, we have AB 364 from Assembly  
11 Member DeMaio. It does amend the CCPA. The core  
12 provision is that it requires businesses to notify  
13 consumers and get their consent if the business is  
14 going to hold their personal information outside the  
15 US.

16 So, staff recommends not taking a formal  
17 position on this bill even though it does amend the  
18 CCPA. It's primarily focused on national security  
19 concerns related to information transfers. That, in  
20 staff's view, is best handled and considered by the  
21 legislature.

22 Furthermore, the bill looks likely to  
23 miss the deadline to move out of committee. So,  
24 unless I'm reading the rules wrong, it does not look  
25 likely to advance this year. So I'll pause here in

1 case the Board has any questions on these watch  
2 bills.

3 CHAIR URBAN: Wonderful. Thank you.  
4 Thank you, Ms. Mahoney. So I appreciate the  
5 prediction on AB 364, and certainly trust your  
6 judgment on that. What is the enforcement mechanism?

7 MS. MAHONEY: For AB 364? Well, it  
8 amends the CCPA. So it would be --

9 CHAIR URBAN: So it would it would be the  
10 same as all of the rest, of course, and it doesn't --  
11 because some of these like the insurance bill amends  
12 the CCPA, but it's unclear exactly what our place  
13 would be. I mean, I really, you know -- anyway, it's  
14 a longer conversation, but okay. So that's helpful.  
15 I'm just going to go up.

16 So AB -- on the presentation, AB 1221, do  
17 you have any examples of what a surveillance tool  
18 might be?

19 MS. MAHONEY: Well, that could be, you  
20 know, cameras in the workplace, you know, maybe  
21 keystroke logging, things like that.

22 CHAIR URBAN: Okay. Thank you.

23 And then on Senator -- SB 420, Senator  
24 Padilla's bill.

25 What is a high-risk automated-decision

1 system? And in general, you can imagine, I'm  
2 probably just curious about whether that's an  
3 alignment with how other states have approached this  
4 or if it isn't.

5 MS. MAHONEY: Yeah. So, that is using --  
6 in my read, it's using the definition that already  
7 exists in the California code that regulates  
8 government use of automated-decision systems.

9 So, that's automated decision systems  
10 used to assist, to replace human discretionary  
11 decisions that have a legal or similarly significant  
12 affect.

13 CHAIR URBAN: Okay. Thank you very much.

14 All right. Questions from other folks?

15 Mr. Worthe, and then Dr. Nonnecke.

16 MEMBER WORTHE: Thanks for that  
17 presentation. I had a few questions.

18 I mean, just in general, we talk about  
19 the overlap; right? I mean, some actually amend the  
20 CCPA some -- or just have a different set of rules  
21 than maybe we have. How are we going to deal with  
22 that going forward?

23 And from our perspective -- and I'm  
24 thinking about the businesses, how do they know where  
25 to go to find the rules to operate a business in

1 California?

2 So, maybe first, kind of from our  
3 perspective, how do we feel about another set of  
4 rules that technically kind of amend what we've put  
5 out? How do we operate an agency with that impact?

6 MS. MAHONEY: Yeah. That's a good  
7 question. And I think one that everyone is kind of  
8 struggling with when they're thinking about how to  
9 advance stronger privacy protections.

10 I do think it's probably best to just  
11 amend the CCPA, if you want to go further, because  
12 then it's easier to see how things line up.  
13 Oftentimes privacy or other bills end up in different  
14 parts of the California code. And like you said,  
15 folks aren't as aware to look there, and then it's  
16 harder to see how things line up.

17 Sometimes people are incentivized to  
18 write things in a different part of the code, because  
19 they don't have to deal with our exemptions for  
20 publicly available information or, you know, to use  
21 our definitions.

22 It's kind of -- it can be easier just to  
23 do that, but it does take additional work to kind of  
24 analyze how they intersect. But it's not uncommon  
25 for there to be new privacy laws that have some

1 overlap, but go beyond what we do.

2 And, in fact, that was anticipated by  
3 Proposition 24, which explicitly states that CCPA  
4 should set a floor and allow stronger protections in  
5 terms of our regulations, in terms of overlap with  
6 what we're doing while things are still in flux with  
7 our regulations.

8 I would say -- I mean, again, I don't see  
9 anything wrong with the legislature wanting to go  
10 further than what we're trying to do. Ultimately,  
11 it's up to the Board, but I would say that from the  
12 staff's perspective, if any of these bills are  
13 passed, you know, we would do what we can to review  
14 them, update the regulations, to make sure that  
15 everything's consistent.

16 MEMBER WORTHE: Okay. So we wouldn't set  
17 the floor and keep our regulations at a certain  
18 place. We would adjust -- like the insurance code  
19 you mentioned, we would adjust as things come at us,  
20 hopefully things that we are in alignment with and  
21 agree with that come at us; right? I mean, that's --

22 MS. MAHONEY: I mean, I think the  
23 legislature is in a better position to go further,  
24 because they can make statutory changes, but we would  
25 just make sure that our regulations are consistent

1 and that everything -- that businesses can comply  
2 with both.

3 MEMBER WORTHE: Okay. And then on the --  
4 how about the enforcement for a minute? There's a  
5 pretty long list of different play -- different  
6 groups that would be responsible for enforcement.  
7 That sounds like a really bad model.

8 How does that impact us? And is there  
9 anything we're going to do, or do we have to just let  
10 that -- let that be what it is?

11 MS. MAHONEY: Again, that's a good  
12 question. I think from a consistency standpoint, it  
13 would be ideal if the agency had enforcement  
14 authority over these bills where there is overlap  
15 with what we're already doing to make sure that our  
16 enforcement activity, you know, can be consist -- the  
17 enforcement activity can be consistent across  
18 statutes.

19 You know, we do work to provide technical  
20 assistance to make authors know that we're out here,  
21 what we're doing. You know, it would be helpful to  
22 me if, you know, there were more guidance, you know,  
23 to say, it's okay -- as part of technical assistance  
24 for me to say, you know, with some of these bills, we  
25 think it might make sense for the CPPA to enforce.



1                   MEMBER WORTHE: Yeah. I was just trying  
2 to get that on the record, you know.

3                   And finally, I'm -- what I'm hopeful  
4 about is that as we get our rules adopted, that maybe  
5 others will see less of a need to get ahead of it,  
6 and will rely on this agency to do its work.

7                   CHAIR URBAN: Thank you, Mr. Worthe.

8                   Dr. Nonnecke, please go ahead.

9                   MEMBER NONNECKE: Great. Thank you. And  
10 thank you so much for the of all of these bills. I  
11 have a couple of questions.

12                  Quite a few of the bills have within them  
13 obligations for impact assessments. I would love to  
14 hear your thoughts on how that is being structured  
15 within the bills.

16                  And I also wanted to flag another bill.  
17 It's too far away.

18                  I want to flag another bill from Senator  
19 McNerney, SB 813, which would establish this  
20 multi-stakeholder panel to be able to provide  
21 guidance on what does an adequate impact assessment  
22 look like. So if you could talk a little bit about  
23 that impact assessment process and also Mcnerney's  
24 bill.

25                  MS. MAHONEY: Sure.

1           So I would say it would definitely be  
2 fact-specific with respect to the bill. Our risk  
3 assessments are more focused on the information  
4 that's being used to train these -- to train these  
5 systems or implicated by these systems, whereas the  
6 risk assessments for some of the other bills are more  
7 targeted towards what the goal is.

8           So, you know, for example, the  
9 automated-decision system bills I talked about are  
10 focused on identifying algorithmic discrimination and  
11 eliminating those issues.

12           And, again, our regulations are somewhat  
13 in flux. So I'll have to provide more information  
14 and give it a closer look. And then in terms of  
15 SB 813, we've been tracking the bill, but I haven't  
16 analyzed it closely.

17           MEMBER NONNECKE: Thank you so much. And  
18 then just one final comment.

19           Because they are high-risk settings, I  
20 would say they are predominantly using personal  
21 information. That's why there's the trigger for high  
22 risk. So there's significant overlap with the work  
23 that we're doing.

24           CHAIR URBAN: Thank you, Dr. Nonnecke.

25           Board Member Liebert?

1                   MEMBER LIEBERT: Well, I want to thank  
2 my fellow board member, Mr. Worthe, to raise that  
3 question about somewhat the elephant in the room.  
4 And the elephant in the room for our agency right now  
5 is that the agency has been the subject of a lot of  
6 criticism, obviously in the last year plus, that  
7 somehow we have been traveling over our skis, if you  
8 will, on our ADMT and other regulations. And,  
9 obviously, we have been listening very carefully to  
10 that criticism and concern by some parties and doing  
11 our very best to try to strike the best balance we  
12 can with the work that we're doing, always being  
13 vigilant about our instructions from our founding  
14 parents about Prop 24 and the importance to try to  
15 protect California's privacy interests.

16                   And in that regard, we obviously still  
17 have some work to do in the legislature and with our  
18 friends across the street. I'm glad we're here  
19 today, because we care very much about what they're  
20 doing and what they're thinking about these things.

21                   And I think that if we can continue in  
22 the work that we're doing in a really effective way,  
23 it obviously -- Mr. Worthe, should land at a place  
24 where this agency is the one that should be engaged  
25 in a lot of these enforcement efforts.

1           We've got an incredible team of enforcers  
2 with expertise to do this type of work. These other  
3 agencies that are currently being listed in bills  
4 often have no structure to do this type of work, and  
5 no history, and no expertise, per se, on the types of  
6 issues they may be tasked with.

7           So I'm very encouraged and hopeful that  
8 the great work that we're doing right now in trying  
9 to strike that balance is going to ultimately  
10 demonstrate to our friends in the legislature, and in  
11 the Governor's office, and other very important folks  
12 who we're trying to work with here that we're really  
13 doing our best to strike these balances. And we  
14 really are the natural place for so much of the work  
15 and the important consumer-protection work that's  
16 being discussed now for the State. So I hope we make  
17 that progress.

18           CHAIR URBAN: Thank you, Mr. Liebert.

19           Mr. MacTaggart?

20           MEMBER MACTAGGART: Thank you,  
21 Ms. Mahoney, for a great update and very  
22 comprehensive overview.

23           I'm wondering -- and I can talk about it  
24 offline if you're not, but have you been following at  
25 all SB 690, the attempt to amend the Invasion of

1 Privacy Act, but for the commercial, you know,  
2 purposes?

3 MS. MAHONEY: Yes, we've been monitoring  
4 that bill. Did not include this one in this  
5 presentation since it doesn't specifically affect the  
6 CCPA.

7 MEMBER MACTAGGART: And could you just  
8 give us your thoughts about it, because I've had  
9 people talk to me, and at first blush, when I look at  
10 it, I think, you know, I'm not sure we can support  
11 it, but what are our thoughts on it?

12 MS. MAHONEY: I'd actually prefer to have  
13 that conversation offline.

14 CHAIR URBAN: Thank you, Mr. MacTaggart.  
15 Thank you very much, Ms. Mahoney, for, as  
16 ever, a tour de force tour through some very  
17 complicated territory. Please go ahead.

18 MS. MAHONEY: Okay. Well, we have more  
19 to go. So for the final portion of the presentation,  
20 we'll go through 5 bills that directly affect the  
21 Agency. They either amend the CCPA, or the Delete  
22 Act, or specifically task the Agency to act. And  
23 these are all bills that we've recommended that that  
24 the Board take a formal position on.

25 So for time, I'll highlight the key

1 provisions of these bills and staff recommendation  
2 for each, and then turn it back to the Chair for  
3 discussion at the end.

4           So first is AB 1355 from Assembly Member  
5 Ward having to do with location privacy. Staff  
6 recommends a support position on this bill, because  
7 it affects the Agency and meaningfully advances  
8 consumer privacy. This bill prohibits covered  
9 entities from collecting or processing more location  
10 information than what's necessary to provide the  
11 service requested by the consumer, and it prohibits  
12 the sale of such information to third parties.

13           It's enforced by the attorney general,  
14 district attorneys, and our agency. And we think  
15 this bill is important because location data  
16 collected from public surveillance technologies like  
17 cameras, like automated license plate readers, can  
18 create a detailed profile of consumers individual  
19 moment movements.

20           It exposes deeply personal information  
21 about healthcare visits, religious practices, and  
22 political activities as consistent with the CCPA.  
23 And the geolocation data is already classified as  
24 sensitive personal information under the CCPA and  
25 subject to greater protections. But this bill will

1 go even further. And then by including our agency as  
2 an enforcement authority, it allows us to provide  
3 critical support for these new protections.

4 Next, we have SB 4 --

5 CHAIR URBAN: Sorry. Just as a quick  
6 clarifying question. I got lost in the color coding.  
7 What does this one amend?

8 MS. MAHONEY: This is actually a separate  
9 part of the code. It does not amend the CCPA.

10 CHAIR URBAN: Okay. Thank you.

11 MS. MAHONEY: But they added language  
12 saying that we could enforce.

13 CHAIR URBAN: Right. Okay. Thank you.

14 MS. MAHONEY: Let's see. SB 44, which  
15 has to do with neural data. Staff also recommends a  
16 support position on this bill. This one actually  
17 does amend the CCPA.

18 It requires cover businesses collecting  
19 neural data to use that neural data only for the  
20 purposes for which it was collected. And then the  
21 entity has to delete that data once that purpose is  
22 accomplished.

23 So you'll recall, we supported a bill  
24 last year to add neural data to the definition of  
25 sensitive PI in the CCPA. Companies have been

1 experimenting with implantable brain consumer  
2 interfaces that are being developed to allow someone  
3 to use a computer solely by their brain activity.  
4 But that means that this information can provide  
5 insights not only to what someone does, but what they  
6 think. So we think additional privacy protections  
7 are appropriate. And also note that the consumer  
8 doesn't have to take action for these protections to  
9 go into effect.

10 Let's see.

11 Next we have SB 361 from Senator Becker  
12 having to do with data broker registration. So this  
13 one amends the Delete Act.

14 So as you know, under the Delete Act,  
15 currently, data brokers have to provide certain  
16 information when they're registering, including  
17 whether or not they collect information, such as  
18 reproductive healthcare data or kids' data. This  
19 bill would expand those categories of disclosure.

20 So specifically requiring data brokers  
21 to disclose whether they collect account login  
22 information, government ID numbers, citizenship data,  
23 including immigration status, and so on and so forth.

24 So I think this is particularly  
25 important, because it will help consumers be more



1 meaningfully informed when deciding whether to  
2 exercise their rights through Drop.

3 Next we have SB 468, also from Senator  
4 Becker. This one has to do with high-risk artificial  
5 intelligence systems, the duty to protect personal  
6 information.

7 So this is a data security bill. It  
8 requires deployers of high-risk AI systems that  
9 process personal information to implement a  
10 comprehensive information security standards. It  
11 gives our agency rule-making authority, but not  
12 enforcement authority. So we have a "support if  
13 amended" recommendation. Support if amended to add  
14 CPPA enforcement authority.

15 So under the bill, these security  
16 programs must be in writing and include things like  
17 designated employee managers, detailed employee  
18 training, and compliance programs, encryption, so on  
19 and so forth.

20 Many of these elements are elements  
21 included in the proposed cybersecurity audit  
22 regulations, but given the revenue threshold on the  
23 cybersecurity audit regulations, this bill would  
24 likely cover a broader set of high risk AI systems.

25 So we think this bill is important

1 because these systems collect a lot of personal  
2 information. They can be a target for hackers, and  
3 there is the threat of breach. So we think that  
4 having these clear, mandated security protocols would  
5 help protect consumers' critical personal  
6 information.

7 We also think giving the CPPA rule-making  
8 authority, as the bill does, will help make sure that  
9 there is consistency in the obligations under both.

10 And so, if we were granted enforcement  
11 authority, then we can more effectively ensure that  
12 businesses are meeting their obligations under the  
13 law. So that's why we recommend support, if amended.

14 Next slide, please. And now for  
15 something completely different.

16 The last bill I'll highlight is SB 470  
17 from Senator Laird. So that extends the existing  
18 Bagley-Keene teleconferencing requirements. So those  
19 are set to sunset January 1, 2026. This bill would  
20 extend them January 1, 2030.

21 So, you know -- as you know, the Board  
22 has relied on the teleconferencing options to ensure  
23 that that we can meet to consider issues in a timely  
24 manner. Most members of the public attend meetings  
25 remotely. Staff believes that fully remote meetings

1 allow the most robust public participation. But this  
2 teleconferencing alternative allows some members to  
3 meet remotely as long as there's a quorum in person.

4 And that therefore supports board  
5 diversity by better enabling those at a higher  
6 medical risk to serve. So that's why we recommend a  
7 support position on this bill. So I'll stop here and  
8 turn it back to the Chair.

9 CHAIR URBAN: Thank you very much,  
10 Ms. Mahoney. Would you like us to get -- proceed  
11 through the bills, or should we start with general  
12 comments and questions?

13 MS. MAHONEY: Maybe general.

14 CHAIR URBAN: Okay. All right.

15 Mr. Worthe, did you?

16 MEMBER WORTHE: I kind of went through  
17 the general stuff already. I had specifics on two of  
18 the bills whenever we're ready.

19 CHAIR URBAN: Okay. Well, if that's the  
20 case, why don't we just do that?

21 MEMBER WORTHE: Okay. On -- the last one  
22 on SB 470, in the memo it talks about how we can have  
23 a quorum split amongst multiple public locations;  
24 right? If we have a quorum in one public location,  
25 can another board member -- this is not self-serving.

1 Can another board member meet in a nonpublic -- Zoom  
2 in on a nonpublic location?

3 MS. MAHONEY: If there's a quorum in  
4 person?

5 MEMBER WORTHE: Yeah.

6 MS. MAHONEY: Yes.

7 MEMBER WORTHE: Okay. I don't know if  
8 that needs to be in there or not.

9 And then I went back to AB 1355. The  
10 location we had -- do we have the 1850 feet in our  
11 regs?

12 We do. Thank you.

13 I always appreciate that everybody knows  
14 this stuff better than I do.

15 There's -- you know, the bill  
16 specifically states collection -- collect more things  
17 that are prohibited, collect more location  
18 information than was necessary to provide the  
19 requested goods and services. God, that sounded  
20 vague to me. Is that just me or -- I just -- it  
21 feels like if they could put some more language in  
22 there to talk about exactly what they're -- You know,  
23 I was trying to come up with examples of what that  
24 means. I totally get the Uber one because I did it  
25 this morning twice. But, you know, I just don't

1 know -- maybe we're not here to re-author, but  
2 certainly I felt like that was too vague for me.

3 And then, if we're going to enforce  
4 this -- is that what I heard? Okay.

5 So the bill provides restrictions on what  
6 can be disclosed without a valid court order. So now  
7 this agency is going to determine if there's a valid  
8 court order or not in order to enforce this?

9 MS. MAHONEY: Well, there's a similar  
10 provision in the CCPA already.

11 MEMBER WORTHE: Okay. Perfect.

12 MS. MAHONEY: That's actually standard.

13 MEMBER WORTHE: Great.

14 MS. MAHONEY: Yeah.

15 MEMBER WORTHE: Thank you.

16 MS. MAHONEY: I will say on the data  
17 minimization language, you know, I think the intent  
18 is to make it restrictive enough to prevent kind of  
19 the worst abuses, but allow enough flexibility for  
20 necessary uses.

21 So an example I heard recently is maybe  
22 location data collected by your weather app. You  
23 know, collect only the information they need to show  
24 you the weather, but maybe not be selling your  
25 information or collecting, you know, other things.

1           MEMBER WORTHE: Okay. That's helpful.  
2     Thank you.

3           CHAIR URBAN: May I follow up on  
4     Mr. Worthe's question about the data minimization?  
5           How do you see this in relation to the  
6     CCPA's data minimization requirements?

7           I'm just thinking through his good  
8     question in my mind. Again, it's pretty standard  
9     data minimization language, but are we comfortable  
10    that it will sort of play nicely with what the CCPA  
11    has and what the regulations have? And if not, is --  
12    you know, it goes a little bit further, and that's  
13    something we can be comfortable with if we decide to  
14    be -- or is there something more that we might  
15    suggest to the author?

16          MS. MAHONEY: I mean, I know the bill has  
17    gone through several iterations before. I think  
18    previously it did have a consent requirement as well  
19    as the data minimization. I think that it does play  
20    nicely with our regulations and that maybe it takes  
21    it a step further in terms of being restrictive.

22          CHAIR URBAN: Thank you.

23          Yeah. Dr. Nonnecke?

24          MEMBER NONNECKE: I have a question on  
25    SB 468. Within this it defines what high risk

1 systems are. And to my knowledge, this only applies  
2 to developers, essentially the private sector  
3 developing these tools.

4 Am I right in understanding that this  
5 would not apply to the State of California itself,  
6 since it is also developing high-risk AI systems with  
7 consequential decisions in housing, education, and  
8 employment healthcare, criminal justice?

9 MS. MAHONEY: That's a good question. I  
10 don't know off the top of my head, just businesses.

11 MEMBER NONNECKE: Okay. So I guess the  
12 businesses would comply if, I mean, the State of  
13 California was procuring from a third party. But my  
14 concern in anything developed internally that evades  
15 all of this.

16 CHAIR URBAN: That was 468? Sorry. I  
17 was -- I was reading -- I was back. I was looking  
18 for 1355 online. And I apologize.

19 MS. MAHONEY: Yes.

20 CHAIR URBAN: Yeah. Okay. And I do  
21 follow your comments on that.

22 All right. So -- and the question before  
23 us will be whether or not to accept staff's  
24 recommendation on positions on these bills. So of  
25 the ones that have been presented to us for this

1 question, staff's recommendation is that we support  
2 all of them, with the exception of SB 468, which  
3 staff recommends that we support, if amended, to give  
4 us enforcement authority.

5 So I want to say at the outset that I  
6 really appreciate the legislature's attention to  
7 these issues. And when they partner with us to --  
8 you know, to receive technical help, that's helpful.  
9 And to develop a rationalized approach across the  
10 State, as Mr. Worthe was alluding to.

11 You know, we didn't say much about SB 44.  
12 It's very specific, of course, to neural data.

13 I wanted to highlight the delete  
14 requirement in that law for this kind of highly  
15 sensitive data that is incredibly personal to the  
16 person. I suspect that this kind of requirement is  
17 going to become more important.

18 Mr. Liebert alluded to the fact that  
19 California and the US generally tend to have a more  
20 opt-out focused approach that relies on consumers'  
21 actions. And as we have this more and more detailed  
22 and sensitive information, this is a step towards  
23 thinking about whether that may not be as  
24 appropriate.

25 It really stood out to me today, because



1 of the fact that a consumer genetic information  
2 company has gone into bankruptcy. And not only do  
3 they have people's genetic information, which is not  
4 something that you can in any way realistically  
5 anonymized, et cetera, they have biological samples.

6 And in California, we actually have a law  
7 that gives people the right to tell that company to  
8 destroy the biological sample. I'm very grateful for  
9 that at the moment and on behalf of Californians.

10 But of course, their customers are not only  
11 Californians. And so it's perhaps a small point in  
12 the law, but it does seem to be a very sort of  
13 forward-thinking approach by Senator Becker -- or  
14 sorry, Senator Umberg on this.

15 With Senator Becker's bills, the Delete  
16 Act adjustments strike me as key transparency  
17 requirements. I have found the benefit that people  
18 see in the revised data broker registry with  
19 specifics as to what kind of data is being collected  
20 to be very valuable to the public.

21 And in today's current political climate,  
22 which is a phrase I might say more today, having a  
23 clear and transparent understanding of where some of  
24 this information is is simply crucial for people's  
25 autonomy and rights.

1           And then I'll say more about this topic  
2 when we talk about our draft cybersecurity audits.  
3 But with the security bill, SB 468, Senator Becker  
4 is, in my view, responding to an ongoing, rapidly  
5 growing, and accelerating threat.

6           And I am pleased to see that he is  
7 approaching it from the perspective of imposing  
8 requirements for these for these high-risk systems.  
9 I take Dr. Nonnecke's point that the scope, again, in  
10 terms of to whom it applies may be somewhat limited.

11           I do -- I do want to say a little bit  
12 about the enforcement authority. I would absolutely  
13 support, if amended for that reason. And one of  
14 those reasons is because, again, of the sort of  
15 rationalized approach, which the Board has talked  
16 about a bit this morning, makes sense, but also  
17 because our enforcement arm has specific expertise.

18           And I think that's just very valuable for  
19 those whose personal information is at risk, those  
20 whose business systems are at risk, because  
21 cybersecurity is an ecosystem problem, and for  
22 businesses who need guidance and get guidance,  
23 sometimes through enforcement actions and  
24 recommendations.

25           So everybody's heard my position on

1 SB 470 type frameworks many times. So I won't  
2 belabor it unless Dr. Nonnecke really wants to hear  
3 my speech that she hasn't had a chance to hear of  
4 yet. But I just think it's crucially important to  
5 make our board meetings, and service on boards, and  
6 commissions accessible to Californians from all  
7 regions and all walks of life.

8 And so well, I wish it weren't this sort  
9 of a little more time and a little more time kind of  
10 approach, I would absolutely support it.

11 Mr. Liebert, did you want to say  
12 something? I couldn't tell.

13 MEMBER LIEBERT: No. I just look  
14 friendly.

15 CHAIR URBAN: Okay.

16 MEMBER LIEBERT: No. I would just say  
17 that I'm --

18 CHAIR URBAN: You always look friendly.

19 MEMBER LIEBERT: Oh, good.

20 I just want to note that I'm going to  
21 recuse myself from any of the votes on the  
22 legislative present --

23 (Speaking simultaneously.)

24 CHAIR URBAN: Okay. Sorry.

25 MEMBER LIEBERT: Thank you.

1 CHAIR URBAN: Okay. Wonderful.  
2 Wonderful. Thank you.

3 All right. There is an additional item  
4 that has arisen in the colloquy between Mr. Worthe  
5 and Ms. Mahoney. Thank you very much.

6 I would certainly support crafting  
7 authority that would give our policy and lege staff  
8 room to provide technical advice, and to make  
9 decisions about support or support if amend, et  
10 cetera, on the enforcement authority piece. But I  
11 may not -- I may not quite be getting what you said  
12 correctly, so please amend me if needed.

13 MEMBER WORTHE: I mean, I think what  
14 you're saying is we want to house the enforcement  
15 authority; correct?

16 CHAIR URBAN: Where it makes sense, yeah.

17 MEMBER WORTHE: Yeah. Where it makes  
18 sense.

19 My point was the same point made the  
20 other way. What I read doesn't make sense. So let's  
21 try to tighten it up so we're on the same page.

22 CHAIR URBAN: Okay. Great. Do we have  
23 any additional -- do we have any thoughts on that  
24 specifically?

25 (No audible response.)

1           Okay. All right. In that case, the  
2 motion that I'm going to request to be put on the  
3 table -- and then we'll take public comment, will be  
4 to authorize Agency staff to support AB 1355, SB 44,  
5 SB 361, and SB 470; and to support SB 468, if SB 468  
6 is amended, to provide the Agency authority to  
7 enforce its provisions.

8           And furthermore, to authorize staff to  
9 continue to support these bills as stated even if  
10 amended if in the staff's discretion, the amendments  
11 are consistent with the objective set out in the  
12 memos before us today -- in our discussion today; and  
13 to authorize staff to remove support for, oppose  
14 these bills if amended, if in staff's discretion  
15 they're no longer consistent with those objectives  
16 set out, and the materials for today, or our  
17 discussion for today.

18           And then I'm going to ask Mr. Laird if I  
19 need to add to that with regards to the enforcement  
20 piece that we were talking about.

21           MR. LAIRD: Are we on? Okay.

22           I don't think we do. I think that  
23 direction can be sort of informally provided without  
24 the vote.

25           CHAIR URBAN: Okay. Well, and it seems

1 encompassed in the direction that we usually provide.  
2 I just wanted to be sure.

3 All right. With that. Ms. Marzion, is  
4 there a public comment?

5 MS. MARZION: Agenda Item No. 3,  
6 Legislative Update and the Authorization of CPPA  
7 Positions on Pending Legislation. If you'd like to  
8 make a comment at this time, please raise your hand  
9 using the raised-hand feature or by pressing Star 9  
10 if you're joining us by phone. This is for Agenda  
11 Item No. 3.

12 Madame Chair, I'm not seeing any hands  
13 raised at this time.

14 CHAIR URBAN: Thank you, Ms. Marzion.  
15 Any further comments, questions from the  
16 Board?

17 (No audible response.)

18 In that case, may I have the motion that  
19 I stated. Is someone willing to move?

20 MEMBER WORTHE: So moved.

21 CHAIR URBAN: Thank you, Mr. Worthe.  
22 May I have a second?

23 MEMBER NONNECKE: Second.

24 CHAIR URBAN: Thank you, Dr. Nonnecke.

25 Ms. Marzion, could you please conduct the

1 roll call vote?

2 MS. MARZION: Board Member Liebert?

3 MEMBER LIEBERT: Not voting.

4 MS. MARZION: Board Member MacTaggart?

5 MEMBER MACTAGGART: Aye.

6 MS. MARZION: Board Member Nonnecke?

7 MEMBER NONNECKE: Aye.

8 MS. MARZION: Board Member Worthe.

9 MEMBER WORTHE: Aye.

10 MS. MARZION: Chair Urban?

11 CHAIR URBAN: Aye.

12 MS. MARZION: Madame Chair, you have four  
13 yeses and one not voting.

14 CHAIR URBAN: Thank you very much. The  
15 motion carries with a vote of 4 to nothing with Mr.  
16 Liebert recusing himself. Thanks very much to the  
17 Board for the discussion.

18 And Ms. Mahoney, thank you for what,  
19 again, is just an absolutely stellar job being our  
20 liaison to the legislature, and keeping us informed,  
21 and giving us excellent advice in on a welter -- a  
22 welter. I don't say that in a negative way, but a  
23 lot -- many, many complicated and overlapping bills  
24 this year. So thank you very much.

25 Shall we move on to the ADMT

1 cybersecurity risk assessment regulations, or do you  
2 folks want a short break?

3 Okay. We will go ahead and take a  
4 ten-minute break and return at 10:45 a.m. Thank you.

5 (Whereupon, a short recess was  
6 taken.)

7 CHAIR URBAN: Welcome back, everyone.  
8 Thank you for joining us today.

9 We will continue with our agenda with  
10 Agenda Item No. 4, which is Discussion on Possible  
11 Action on Proposed Regulations Regulating Automated  
12 Decision Making, Technology, Risk Assessments,  
13 Cybersecurity Audits, Insurance, and Updates to  
14 Existing Regulations, Including Possible Modification  
15 of the Text.

16 This item will be presented by members of  
17 our legal division.

18 CPPA General Counsel, Mr. Phillip Laird,  
19 Senior Privacy Counsel and Advisor, Ms. Lisa Kim,  
20 Attorney Ms. Kristen Anderson, and Attorney Neelofer  
21 Shaikh. Thank you all for being here with us today  
22 and for the incredible amount of substantive work  
23 that you have put into this even since the last board  
24 meeting.

25 And, Mr. Laird, please go ahead.



1 MR. LAIRD: Thank you, Chair Urban.

2 So today we'll be walking the Board and  
3 the public through the most significant potential  
4 modifications to the Prop's regulations since the  
5 Board met just under four weeks ago in April.

6 The proposed modifications before the  
7 Board are based on the Board's feedback at the  
8 April 4th meeting as well, as based on staff's review  
9 of additional public comments that were received.

10 As a general point, where staff has  
11 proposed revisions to the regulations that  
12 potentially reduce compliance burdens and costs for  
13 businesses, and to take a more incremental approach,  
14 those modifications reflect the Board's policy  
15 preferences shared during the April meeting.

16 The Board, of course, though, has the  
17 discretion to revert to more robust protections for  
18 consumers in the regulations.

19 And to be clear, the Agency has the  
20 authority to promulgate regulations that provide more  
21 robust protections for consumers' privacy, even if  
22 there is a higher cost associated with it.

23 So, again, I just want to make that point  
24 abundantly clear. The Agency has authority to do  
25 everything we've been talking about today and up

1 until this point. But at the same time, we recognize  
2 already the theme of balance that's been discussed is  
3 one for the Board to consider.

4 So today staff is certainly happy to  
5 take any additional feedback to finalize these  
6 modifications, but does recommend that the Board vote  
7 them out for a 15-day round of public comments after  
8 today's meeting.

9 Next slide, please.

10 So as a reminder, the Agency has until  
11 November of this year 2025 to finalize regulations,  
12 or else we would be in a position where we need to  
13 begin the rulemaking process over again.

14 When I say "finalizing the regulations,"  
15 what I mean is submitting final adopted regulations  
16 by the Board along with all the accompanying  
17 materials that the Agency has to prepare, such as a  
18 final statement of reasons, which will include  
19 responses to every public comment we've received, to  
20 the Office of Administrative Law.

21 To meet the November deadline, we do  
22 recommend that the Board provide staff with feedback  
23 during today's meeting and that we can implement and  
24 incorporate that then into modified regulatory text  
25 that then would go out for another round of public

1 comment before we'd be in a position of actually  
2 adopting regulations.

3 So, again, to be abundantly clear,  
4 anything being changed, any of the proposed  
5 modifications shown in today's materials cannot be  
6 adopted today and will, in fact, receive an  
7 additional round of public comment for all of you to  
8 consider. So with that said, I'm -- we do have a few  
9 slides prepared to walk you through some of these  
10 changes that appear in this text, and I'm going to  
11 turn it over to my colleagues to walk you through  
12 some of the most significant ones.

13 MS. ANDERSON: Can you hear me? How  
14 about now? Okay. Great.

15 So the first slide that we're going to  
16 walk you through -- this is about one of the  
17 potential modifications we've highlighted for the  
18 Board's awareness. This is the phasing in of  
19 implementation of the cybersecurity audit regulations  
20 over time by businesses annual gross revenue per  
21 (indiscernible) period.

22 Staff proposes this potential  
23 modification in response to the Board's direction  
24 during the April meeting to find ways to  
25 significantly reduce the cost of the proposed

1 regulations.

2           So under Option 1 on this slide, which is  
3 also what's reflected in the proposed redline text  
4 for today's meeting, businesses that meet the  
5 criteria in 7120(b), which as a reminder, that's the  
6 50% or more of your annual gross revenue from selling  
7 or sharing consumers' PI or meeting a revenue  
8 threshold and API-processing threshold of 250,000 or  
9 more consumers or households personal information, or  
10 50,000 consumers plus sensitive personal information.  
11 So if you meet those criteria, you would have  
12 different amounts of time to implement the  
13 cybersecurity audit requirements by your annual gross  
14 revenue.

15           Specifically, businesses with over  
16 \$100,000,000 in annual gross revenue would have to  
17 complete a cybersecurity audit by April 1st of 2028.

18           Businesses with between \$50,000,000 and a  
19 \$100,000,000, would have to complete their first  
20 cybersecurity audit by April 1st of 2029.

21           And businesses with under \$50,000,000  
22 would have to complete their first cybersecurity  
23 audit by April 1st of 2030.

24           The proposed revisions to 7121, which is  
25 the timing requirements, also acknowledge that

1 businesses would likely need time to provide the  
2 cybersecurity audit report after completing the audit  
3 itself. So it provides an additional three months  
4 after a 12-month audit period to complete that  
5 report. And it also clarifies the audit coverage  
6 period and specific date by which a business must  
7 complete the audit report.

8 Just so you know, the double asterisks  
9 alongside the second row of the 100 million to  
10 1 billion just indicate the differences between  
11 options 1 and 2.

12 For Option 1, that just means that the  
13 threshold would be over (indiscernible), but for  
14 Option 2, this new threshold or row would be for the  
15 100 million to 1 billion.

16 Under Option 2, there would be a similar  
17 phase in approach with one additional year to the  
18 implementation timeline. So specifically, if you  
19 have over a 1 billion, you'd have to complete your  
20 first audit by 2028, all the way through businesses  
21 with under 50 million having to complete their first  
22 audit by 2031.

23 So both options would significantly  
24 reduce the costs incurred by businesses, particularly  
25 by smaller businesses by revenue, who will have more

1 time to complete their first audit and be able to  
2 take advantage of learning and labor-force  
3 developments over time.

4 My colleague Lisa Kim is going to be  
5 providing the details of the economic impact of both  
6 of these options.

7 And as Phil mentioned, beginning to be  
8 clear, there is a tradeoff in phasing in  
9 implementation. While it certainly lowers the costs  
10 and compliance burdens for business, it also means  
11 that consumer security will be more at risk for a  
12 longer period of time.

13 Okay. Next slide, please.

14 The additional modifications to the  
15 cybersecurity audit requirements include  
16 consolidating the cybersecurity audit report  
17 requirements. This is less of a substantive change  
18 and more just for ease of reading. So we've moved  
19 several provisions from 7122 into one subsection of  
20 7123 and added a cross-reference just to make it  
21 clear what the audit report would have to include.

22 The second is removing the requirements  
23 to involve a business's board of directors. This  
24 includes replacing the text that was generally saying  
25 the board of directors, or governing body, or the

1 business's highest ranking executive. So in place of  
2 those, we would use a member of the business's  
3 executive management team that meets similar criteria  
4 or responsibility. This is intended to simplify  
5 implementation for businesses at this time.

6 And again, the Agency has the authority  
7 and the Board has the discretion to revert to one or  
8 more of the Board-related requirements as a mean to  
9 drive accountability and resources into more robust  
10 cybersecurity protections.

11 The third is clarifying certain -- the  
12 certification of completion requirements. So this  
13 includes clarifying when a business must complete its  
14 certification, who must submit the certification, and  
15 the requirements that they would meet, clarifying the  
16 information that the certification must include.

17 And then finally, the last on this list  
18 is removing certain explanatory requirements, again,  
19 to simplify implementation at this time. So this  
20 specifically pertains to 7123(b)(2). So this would  
21 remove the requirement that where an auditor deems a  
22 component of a cybersecurity program inapplicable to  
23 a business's information system, the audit report  
24 would not have to document and explain why the  
25 component is not necessary to the protection of

1 personal information or how the safeguards that a  
2 business does have in place would provide at least  
3 equivalent security.

4 And second is in 7123(f). That's the  
5 provision that effectively says that a business does  
6 not need to duplicate cybersecurity audit efforts if  
7 it's engaged in another audit evaluation or  
8 assessment that meets the requirements.

9 The revision here would be you do not --  
10 you -- the business would no longer have to explain  
11 how the other audit assessment or evaluation they've  
12 completed meets the requirements in Article 9.

13 And with that, I'll pass to Shaikh.

14 MS. SHAIKH: Thank you.

15 Next slide, please.

16 All right. Turning to risk assessments,  
17 we made several high-level changes which I'll be  
18 turning to now. Generally, the proposed revisions in  
19 Section 7150 reflect the Board's feedback from the  
20 April meeting. This includes, for instance, changes  
21 to the definition of automated decisionmaking  
22 technology and the term, "significant decision," and  
23 revisions to the training threshold within risk  
24 assessments.

25 In addition, the staff is proposing



1 several revisions to simplify Section 7152 -- or  
2 sorry, simplify this article overall based on our  
3 review of public comments. This includes moving the  
4 definition of significant decision to the definitions  
5 section in 7001. This was requested in public  
6 comments so that all definitions are in the same  
7 place.

8 We've also moved the profiling thresholds  
9 into their own thresholds in risk assessments, which  
10 is intended to help address some of the confusion  
11 that we saw in public comments about the term  
12 "extensive profiling" and what it covered.

13 Lastly, we propose revising the public  
14 profiling threshold so it focuses on sensitive  
15 locations for now.

16 Public comments generally identify these  
17 types of locations where as places where consumers'  
18 movements in public are most sensitive. And given  
19 the Board's feedback at the April meeting to  
20 essentially build on regulations in future  
21 iterations, we'd recommend this as a starting point  
22 for this threshold.

23 But I'd like to make clear here that the  
24 Board does have authority to revert back to the more  
25 broad public profiling threshold that was in the

1 April draft or to expand or change the scope of this  
2 threshold as it prefers.

3 Turning now to Point 2 on this slide,  
4 streamlining the requirements for conducting and  
5 documenting a risk assessment. This is generally  
6 reflected in Section 7152 of the proposed  
7 regulations.

8 In that section, proposed changes include  
9 introducing a new term, the risk assessment report,  
10 to clarify what must be documented as part of  
11 conducting a risk assessment.

12 This report would generally include: The  
13 purpose of the processing; the categories of personal  
14 information relevant to the processing; the  
15 operational elements of that activity; the safeguards  
16 that the business plans to implement; whether the  
17 business decides to initiate that activity; and,  
18 lastly, the relevant individuals who contributed to  
19 or reviewed and approved the risk assessment.

20 This report would also be submitted to  
21 the Agency or the California attorney general upon  
22 request.

23 In addition, we've also made proposed  
24 revisions to provide additional clarity in this  
25 section where possible, such as how to identify a

1 purpose or benefit with specificity, and making clear  
2 that the types of negative impacts and safeguards are  
3 listed as examples for businesses to consider as part  
4 of the risk assessment.

5 Lastly, we proposed additional edits to  
6 this section to generally simplify implementation,  
7 such as simplifying some of the operational elements  
8 and safeguards identified in the risk assessment.

9 Turning now to No. 3, adding examples of  
10 how a business would supplement their assessment if  
11 they are, for instance, complying with assessment  
12 requirements in another jurisdiction.

13 This is in Section 7156(b) of the  
14 proposed regulations. Generally, this is intended to  
15 provide guidance regarding how a business that can  
16 use its existing risk assessments to comply with  
17 Section 7152. This is both intended to address  
18 public comments requesting additional guidance as  
19 well as the Board's feedback to help businesses  
20 simplify their processes when they are complying with  
21 multiple jurisdictions.

22 This example is specifically based off of  
23 the Colorado Privacy Act data protection assessment  
24 regulations, which staff also plans to make clear in  
25 the final statement of reasons that accompany the

1 regulations as part of our rulemaking record. We'd  
2 like to emphasize here, overall Colorado's data  
3 protection regulations and the proposed requirements  
4 in Section 7152 overlaps significantly, as you can  
5 see in the example.

6 And where there are differences, it's  
7 generally because there are some additional elements  
8 that we require or there are things that are implicit  
9 in the Colorado regulations that to meet clarity  
10 requirements under the APA we make explicit.

11 And lastly, on this point, we just wanted  
12 to reiterate parts of our April board meeting  
13 discussion. There are certain limitations under the  
14 Administrative Procedure Act regarding how we can  
15 incorporate, by reference, another jurisdiction's  
16 requirements. Because of those limitations, we  
17 cannot simply say if you comply with Colorado, you  
18 comply with Section 7152. But we can draft a  
19 hypothetical example accompanied by more information  
20 in our FSOR that provide guidance to businesses, and  
21 that we believe will help businesses develop internal  
22 crosswalks between Section 7152 and the corresponding  
23 provisions in the Colorado regulations.

24 Lastly, we also went through  
25 Section 7157, which is our risk assessment submission

1 requirements.

2 Consistent with the approach discussed by  
3 the Board at the April 4th Board Meeting, staff has  
4 generally proposed revisions to streamline the  
5 submission process for risk assessments.

6 Under Section 7157(b), a business's  
7 annual submission to the agency must include: Their  
8 name and contact information; the time period covered  
9 by the submission; the number of risk assessments for  
10 that time period; the types of personal information  
11 processed; an attestation that the information  
12 submitted is true and correct; and the name and title  
13 of the person submitting the information.

14 In addition, consistent with the approach  
15 we've taken in the cybersecurity audit regulations,  
16 these would be submitted no later than April 1st of  
17 each year, and the submission would be by a member of  
18 the business's executive management team who is  
19 responsible for risk assessment compliance, can  
20 provide accurate information, and has authority to  
21 submit that information to the Agency.

22 Lastly, risk assessment reports must be  
23 submitted to the Agency or the California attorney  
24 general upon request, and we proposed revising the  
25 time period for submission of these reports to

1 30 days, which is responsive to public comments  
2 asking for the additional time.

3 Next slide, please.

4 All right. Turning now to the automated  
5 decision making technology article, which is Article  
6 11.

7 First, we revised the definition of  
8 automated decisionmaking technology and significant  
9 decision, which is in line with the Board's feedback  
10 at the April board meeting.

11 In addition, we proposed removing the  
12 other ADMT thresholds from Section 7200 that address  
13 extensive profiling and training uses of ADMT to  
14 simplify implementation at this time. This approach  
15 generally aligns with the Board's feedback in April  
16 to simplify and reduce costs where possible and take  
17 an iterative approach to the scope of these  
18 regulations.

19 Again, as with risk assessments, the  
20 Board does have authority here to revert back to the  
21 April draft and so, for instance, adding back in  
22 those extensive profiling and training uses. And  
23 that is ultimately a policy decision for the Board of  
24 which thresholds to include at this time.

25 With respect to number 2, providing

1 flexibility and clarity regarding timing that's in  
2 Section 7200(b) of the proposed regulations. We've  
3 included this language for the Board's consideration  
4 regarding the timing of the ADMT article.

5 As you'll see, this provision generally  
6 provides businesses until January 1, 2027, to come  
7 into compliance with this article's requirements.  
8 Although the Agency is not required to provide this  
9 time of extension, it is intended to facilitate  
10 business's compliance while ensuring that businesses  
11 can -- excuse me, that the consumers can exercise  
12 their opt-out and access rights no later than 2027.

13 I'm now going to hand it back to  
14 Ms. Anderson.

15 MS. ANDERSON: Thank you. As you'll see  
16 in Section 7220, we've also proposed modifications to  
17 streamline the pre-use notice requirements in several  
18 ways.

19 First, we provide guidance to businesses  
20 on how they can consolidate a pre-use notice with the  
21 notice at collection, which is something that was  
22 requested by comments.

23 Second, we've provided additional clarity  
24 about what information must be provided to consumers  
25 in the pre-use notice, which includes how the ADMT

1 processes personal information to make a significant  
2 decision, including the categories of personal  
3 information that affect the ADMT's output, the type  
4 of output generated, and how that output is used to  
5 make a significant decision, and what the alternative  
6 process is for making a significant decision is so  
7 that consumers who opted out understand what that  
8 will be.

9           These proposed revisions ensure that  
10 consumers will have relevant factual information  
11 prior to deciding whether to exercise their opt-out  
12 and access rights.

13           We've also made clear that businesses  
14 must provide the information required by a pre-use  
15 notice that are -- but that businesses are not  
16 required to disclose trade secrets or certain  
17 information related to security, fraud prevention, or  
18 safety as they do so.

19           Fourth, we've provided -- we've  
20 streamlined the opt-out exceptions for human appeal  
21 and certain decisions. For the human appeal  
22 exception, we've proposed revisions to the relevant  
23 qualifications that the human reviewer must have and  
24 the role -- and their role in the appeal process.

25           Specifically, the human reviewer must



1 know how to interpret and use the output of the ADMT  
2 that made the significant decision that's being  
3 appealed.

4 They must have the authority to change  
5 that decision based upon their analysis, and they  
6 must actually review and analyze the output, and any  
7 other relevant information to determine whether to  
8 change the significant decision at issue. That  
9 mirrors the criteria for the quality and degree of  
10 human involvement that would result in decisionmaking  
11 not being deemed to be ADMT for purposes of our  
12 regulations.

13 Second, with regard to the exceptions for  
14 admission acceptance, hiring, and allocation or  
15 assignment of work, we've also proposed ways to  
16 streamline these exceptions. Specifically to qualify  
17 for these exceptions, businesses must use the ADMT  
18 solely as outlined in the exception and ensure that  
19 the ADMT works as intended and does not discriminate.

20 These revisions are how we've proposed to  
21 balance providing flexibility for businesses in  
22 qualifying for the exception while being responsive  
23 to consumer groups who have raised concerns about  
24 erroneous and discriminatory uses of ADMT.

25 Fifth, we're clarifying what must be

1 included in response to a request to access ADMT.

2 With respect to the right to access,  
3 we've proposed revisions to the right, and those  
4 would require that a business disclosed to the  
5 consumer the purpose of the processing information  
6 about the logic of the ADMT and the outcome of the  
7 decisionmaking process for the consumer, including  
8 how the business used the output to make the  
9 significant decision.

10 We've also proposed revisions to provide  
11 additional guidance on how to provide meaningful  
12 information to consumers for each of these  
13 requirements.

14 I'll now pass to my colleague Lisa.

15 MS. KIM: So next slide, please.

16 I'll be focusing on the economic -- our  
17 preliminary economic update based upon the modified  
18 regulations.

19 The Board's decisions during the April  
20 meeting had significant impact on reducing the costs  
21 of the regulations, at least, in the direct year.

22 And I just want to kind of note that, you  
23 know, we did not have a significant amount of time to  
24 really go into depth on this economic analysis, but  
25 this is based upon our conversations with economists

1 as well as some internal research that we've done.  
2 And this is kind of our best foot forward to give you  
3 guys -- give the Board enough information to  
4 understand the impact, at least initially with regard  
5 to the changes that were made.

6 But as you will note, based upon the  
7 modified text of the regulations provided to the  
8 Board, there was a significant reduction in first  
9 year direct costs of about 64%.

10 Note that that is taking into  
11 consideration Option 1 with regard to the phase-in of  
12 the cybersecurity audits. So breakdown -- breaking  
13 it down into three years, rather than four.

14 I'll just touch upon briefly what kind of  
15 contributes to the -- to these cost reductions,  
16 starting first with ADMT.

17 The reason why the ADMT costs of the  
18 regulations went down significantly was because of  
19 the changes made to what is brought into scope of  
20 the ADMT regulations. So, as you know, there was  
21 significant changes to the definition of ADMT as well  
22 as limiting the regulations scope to just those in  
23 which there was a significant decision made about the  
24 consumer.

25 And because of that, our estimation is

1 that, at most -- and again, preliminarily, at most,  
2 we think only about 10% of the firms would be scoped  
3 into that to be required to comply with the  
4 regulations based upon the activities that they're  
5 engaging in. And that that's different than what the  
6 previous assessment --

7 CHAIR URBAN: I'm sorry. 10% of what  
8 firms?

9 MS. KIM: Of the total firms that are  
10 subject to the CCPA. So --

11 CHAIR URBAN: 10% of the firms would be  
12 the only ones subject to the ADMT regulations?

13 MS. KIM: That is our estimation.

14 CHAIR URBAN: Thank you.

15 MS. KIM: Yes. So previously we did a  
16 scenario analysis where we were looking at both 25%,  
17 50%, and a 100% of the scope of businesses that would  
18 have been subject to the ADMT regulations. And in  
19 our estimation, that made sense previously, because  
20 scoped into that was behavioral advertising. Because  
21 that was removed, that led to a significant  
22 reduction, which we think is 10%. And so there that  
23 accounts for the 83% cost savings or cost reduction.  
24 Excuse me.

25 With regard to the cybersecurity audits,

1     there are three things I can think of -- three things  
2     I want to articulate is the result of the cost  
3     reduction.

4             First, is that we reevaluated our  
5     assumptions. One assumption with regard to whether  
6     or not firms subject to these regulations were  
7     using -- already using security frameworks in place.  
8     Initially, the economist conservatively believed that  
9     it was only a range between 10% to 50%, depending on  
10    the size of the firm.

11            But looking back at our assessment of  
12    what the CCPA already requires since 2018, we believe  
13    that all firms should be already using a security  
14    framework. And this is based upon our analysis of  
15    Civil Code Section 1798.100, which requires that  
16    everyone have reasonable data security procedures and  
17    processes in place, as well as the AG report and  
18    previous guidance given by the attorney general that  
19    this should be equivalent to -- at least equivalent  
20    to CIS's CSC controls.

21            And so we think that that prior  
22    assumption we made should be adjusted so that all  
23    firms subject to these regulations should have that  
24    30% consideration that they are already using  
25    preexisting security framework.

1           Now, the second thing that has changed  
2           is basically a simplification reflected in the  
3           modifications of the regulation text as to lessening  
4           some of the requirements required under the  
5           cybersecurity audit.

6           Primarily, as my colleague Ms. Anderson  
7           spoke to, there's less explanation required -- less  
8           explanation as to why certain components are not  
9           applicable. And we -- excuse me. We believe that  
10          that -- we estimate that that would reduce the number  
11          of hours it takes to prepare a cybersecurity audit by  
12          25%. So that is also a contributing factor.

13          And then finally, the third contributing  
14          factor, at least with regard to these numbers, is  
15          this phase-in of the cybersecurity audit  
16          requirements. With regard to how that is phased in,  
17          there are significant impacts to giving time to  
18          adjust in the economy with regard to allowing for  
19          changes in the workplace -- changing -- allowing for  
20          time in which -- businesses have more time to procure  
21          an auditor, to be able to implement those changes, or  
22          to find -- implement the requirements associated with  
23          the cybersecurity audit.

24          And so that change in -- phasing-in  
25          approach would lead to significant reduction in

1 direct costs and present that over a time period.  
2 And I believe we provided in our memo to you that  
3 kind of breakdown of that over a ten-year time  
4 period.

5 And then finally, with the update regs,  
6 you know, there were some recommendations as to  
7 things that we believe should be -- that the staff  
8 recommends taking out to kind of simplify  
9 implementation at that time, and there was some cost  
10 reductions in that to that effect.

11 So I open it up to questions by the  
12 Board.

13 CHAIR URBAN: Thank you very much for the  
14 really helpful overview from Ms. Anderson,  
15 Ms. Shaikh, and Ms. Kim.

16 I want to invite Dr. Nonnecke to speak  
17 first, if she would like. Because she didn't benefit  
18 from the discussion last time, but I also don't want  
19 to put her on the spot.

20 So let me know, Dr. Nonnecke, what you  
21 would prefer.

22 MEMBER NONNECKE: I'll happily be put on  
23 the spot. I have some follow up questions. One is a  
24 clarifying question.

25 Given SB 468 for high-risk AI systems and

1 you seeking that it be amended to grant CPPA  
2 authority, aren't these in conflict with each other?

3 I mean, if we do our regulation, then we  
4 would already be doing that.

5 MR. LAIRD: Happy to try to take that  
6 one. So a few just initial observations is, I think  
7 the scope is a little bit different, in terms of what  
8 SB 468 addresses and what these regulations do, you  
9 know? These are cybersecurity audit requirements for  
10 all firms based on their processing, activity, and  
11 revenues, essentially -- as opposed to, I think, the  
12 focus of SB 468 being a little bit more specifically  
13 on, I think, deployer development of certain types of  
14 systems; right?

15 So the scope here is broader. We also  
16 have a statutory mandate to do these -- this  
17 requirement, cybersecurity audits for high-risk  
18 processing.

19 And at the same time -- I'll just note  
20 what was discussed earlier, that bill currently  
21 includes rulemaking authority for the Agency for that  
22 sort of that law, if it passes. And so, certainly, I  
23 think if it needs a further alignment, we would  
24 absolutely engage in that.

25 But for now, I don't think we've



1 necessarily seen that as a direct conflict with  
2 what's being proposed today.

3 MEMBER NONNECKE: Yeah. I'm just  
4 curious. I wonder if firms, though, might get  
5 confused, what do I need to comply with and what do I  
6 need to do?

7 And that gets to my next question around  
8 risk assessment. The field is evolving right now of  
9 what does an adequate risk assessment look like for  
10 these types of systems.

11 I had mentioned earlier, McNerney's bill,  
12 SB 813, which does propose to develop this  
13 multi-stakeholder panel that would help define what  
14 do these actually look like in practice. But I also  
15 want to flag Assembly Member Rebecca Bauer-Kahan's  
16 bill, AB 1405, which would establish qualifications  
17 for audit and risk assessments. And auditors would  
18 be able to be, essentially, licensed with the state,  
19 which really provides more clarity.

20 I am sympathetic to businesses being  
21 compelled to do risk assessments under the  
22 uncertainty that that third party is actually doing  
23 due diligence. And so I think more clarity around  
24 what does a risk assessment actually look like.

25 And then the third part of that, are

1 these risk assessment reports going to be publicly  
2 disclosed?

3 MR. LAIRD: Great question. In the  
4 proposal, for now, it would not require public  
5 disclosure by a business of these risk assessments.  
6 And even the Agency would only receive the full risk  
7 assessment if it was requested specifically by the  
8 Agency or the attorney general's office.

9 MEMBER NONNECKE: Okay. And a follow-up  
10 for that is, you know, how can you use those reports  
11 to help inform what does an adequate risk assessment  
12 look like? How can you, you know, identify industry  
13 best practice?

14 I believe that the European Union is  
15 doing that via the EU AI Act. And the -- they must  
16 report these risk assessments in and conformity  
17 assessments, and they're using those to better  
18 understand what does this environment look like and  
19 how does it align with our standards that are being  
20 developed.

21 In Europe, it's CEN, CENELEC. Mostly for  
22 us, it's NIST, IEEE, ISO.

23 MS. SHAIKH: Right. So on that, I see it  
24 as really a two-fold approach. So first, there's the  
25 annual submission requirement. Now that does not

1 require submission of risk assessment reports. That  
2 instead requires disclosure to the Agency of  
3 high-level metrics, including, importantly, what  
4 thresholds actually triggered a risk assessment.

5 So that, I think, will be an important  
6 data point for the Agency to understand which of  
7 these significantly risky activities are actually  
8 require -- essentially triggering the most risk  
9 assessments, which will help us understand, you know,  
10 is there one threshold that doesn't seem to be  
11 triggering it? Is there something we need to amend  
12 or consider further there? And so that's the first  
13 data point.

14 And then with respect to the risk  
15 assessment reports, you know, we are trying to be as  
16 clear as possible meeting APA clarity requirements  
17 about what needs to be in the risk assessment or --  
18 sorry, what -- how a risk assessment needs to be  
19 conducted and then what must be specifically provided  
20 for in the report.

21 And so I think they're understand -- once  
22 we receive those reports upon request only, I think  
23 that is where, you know, to the extent that there is  
24 any further clarity we can provide, we can always  
25 amend the regulations accordingly.

1           And I think that goes to your initial  
2 question as well, which is, you know, to the extent  
3 that there are other legislative developments that  
4 are happening that we want to take into account, it  
5 is something that we can always revise the  
6 regulations to further harmonize across essentially  
7 the California code as we need to. I mean, of  
8 course, within our authority.

9           And on that point, one thing I would like  
10 to make clear is, with respect to what's currently  
11 in Section 7152, we have done our best to really  
12 harmonize it as much as possible with Colorado's  
13 regulations as well as the -- what we've seen as  
14 guidance provided by data protection authorities in  
15 Europe.

16           So, for instance, the UK ICO's DPIA  
17 template, we did use. And thinking through, you  
18 know, what really are the most necessary elements for  
19 a business to conduct a risk assessment at this time.

20           And again, to the extent that we see  
21 further developments in this area, or further  
22 guidance from the legislature -- and, of course, the  
23 Board is always welcome to provide us with additional  
24 feedback, we can amend the regulations as necessary  
25 to really account for those types of changes.

1                   MEMBER NONNECKE: Great. Thank you. And  
2 I just have one followup for this.

3                   At the federal level, Senator  
4 Hickenlooper, a Democrat from Colorado, is  
5 reintroducing the VET AI Act, which would charge NIST  
6 with developing standards and guidance on what a  
7 third-party risk or impact assessment looks like. So  
8 that could provide greater clarity.

9                   My one concern is that if we're just  
10 calling on industry to identify what does a risk  
11 assessment look like in practice, we could reach a  
12 position where they're essentially writing the exam  
13 by which they're graded.

14                  MS. SHAIKH: Thank you. And that is  
15 actually something -- you know, we did receive during  
16 the preliminary rulemaking that we did on this topic.  
17 Concerns about just this being a paperwork exercise,  
18 right? Document -- is simply just filling out a  
19 checklist. And so what we've done throughout the  
20 regulations is really try to provide accountability  
21 where possible. So I think one of the most important  
22 provisions is the attestation that a member of the  
23 executive management team will provide to the Agency  
24 that the information they're providing is true and  
25 correct in their annual submissions about the amount

1 of risk assessments conducted. So that's one  
2 important accountability mechanism.

3 Then there is the actual conducting of  
4 the risk assessment. One of the things that has to  
5 be in the report that is provided to the Agency is  
6 the safeguards that the business plans to implement.  
7 And so, I think that is going to be just an important  
8 accountability mechanism overall.

9 But I think in terms of actually making  
10 the risk assessment meaningful as an exercise, a  
11 business conducting it, as we outlined in  
12 Section 7152, and then hopefully as part of that  
13 assessment, identifying the relevant safeguards that  
14 are necessary to mitigate the risk that they've  
15 identified -- you know, that is part of the  
16 accountability framework.

17 And I think what you're really asking is,  
18 like a broader question, which is really, how do we  
19 make sure that these risk assessments are meaningful  
20 and are being conducted appropriately?

21 I think we're all going into this  
22 assuming, really, that businesses are acting in good  
23 faith, and I think that is a very fair assumption.  
24 But when it comes to these risk assessment reports,  
25 our enforcement division will be able to ask for

1     them.

2                   And to the extent that they are, just as  
3     part of any other investigation, seeing noncompliance  
4     with the regulations, they can, of course, bring an  
5     enforcement action. And we can learn from them --  
6     from these enforcement actions in terms of what  
7     changes need to be made to the regulations as  
8     necessary to further bolster accountability.

9                   And so we see this as, really, an  
10    important first step in these regulations to build  
11    accountability, both in the report itself, as well as  
12    how a risk assessment is conducted.

13                  But then through our own learning, we  
14    can, of course, enforce noncompliance as necessary.  
15    That's the enforcement division side of the house.  
16    But then amend these regulations as needed to ensure  
17    that this is not simply a paperwork exercised by  
18    businesses.

19                  DR. NONNECKE: And one final clarifying  
20    question to make sure I understand that the risk  
21    assessments, those can all be done internally?  
22    There's no requirement for a third party?

23                  MS. SHAIKH: There is no requirement, but  
24    we do allow it's -- it was never prohibited. But one  
25    thing we do make clear in Section 7151, well,

1 actually, sorry. Let me let me address that in two  
2 points.

3 Section 7151(a) does say that the people  
4 who have the relevant job duties for that processing  
5 activity should be part of that risk assessment.

6 So to the extent it might actually  
7 involve, you know, selling or sharing personal  
8 information, and there might be other parties  
9 involved, you might need to get information from  
10 those parties. So Section 7151(b) makes clear the  
11 people who are part of that risk assessment should be  
12 part of conducting it.

13 And then Section 71(b) (sic) does provide  
14 guidance that a business is allowed to include  
15 external stakeholders in as part of the risk  
16 assessment process. We have not made that an  
17 explicit requirement. Again, just to be mindful of  
18 where businesses potentially are now, it is something  
19 we can think through in the future of whether or not  
20 it, you know, is something that needs to be bolstered  
21 further.

22 But at this point, especially given the  
23 general direction from the Board of building slowly  
24 and simplifying implementation now, we'd prefer to  
25 have Section 71(b) as guidance.



1 DR. NONNECKE: Thank you.

2 CHAIR URBAN: Thank you, Dr. Nonnecke.  
3 Mr. Worthe?

4 MEMBER WORTHE: I had a few things, no  
5 logical order, which is kind of how my brain works.

6 I thought there was a comment made  
7 earlier, if you're performing another type of audit  
8 that could qualify for the requirements here, but  
9 then I thought you said something along the lines  
10 that was interesting about how we had no right to --  
11 I was trying to figure out how you connected it. It  
12 was almost like you could say, "yeah, I did it  
13 somewhere else. So I don't have an obligation here."  
14 That's kind of what I -- what I heard.

15 MS. ANDERSON: So I think you're talking  
16 about 7123(f) in the cybersecurity audit.

17 MEMBER WORTHE: Thankfully, I don't have  
18 it memorized like you two do, but I'm sure that's  
19 where it is.

20 MS. ANDERSON: Right. So, that -- the  
21 concept there -- the thing that we got rid of is that  
22 a business would no longer have to explain how what  
23 they did actually meets all the requirements. They  
24 do -- they do still have the requirement that it in  
25 order not to have to duplicate work --

1 MEMBER WORTHE: Right.

2 MS. ANDERSON: -- they've already done,  
3 it has to meet all the requirements that are  
4 articulated in Article 9. What we took out is the  
5 need to specifically explain how what you've already  
6 done meets each of the provisions within Article 9.

7 MEMBER WORTHE: But they have to attest  
8 that it does.

9 MS. ANDERSON: They do have to certify  
10 that.

11 MEMBER WORTHE: Okay, perfect.

12 MS. ANDERSON: For the cybersecurity  
13 audit requirements.

14 MEMBER WORTHE: Okay. Jumping around --  
15 thinking about this 15-day period, potentially, where  
16 we might be headed, when was this information made  
17 public?

18 MR. LAIRD: This was posted yesterday on  
19 our website.

20 MEMBER WORTHE: Okay. So, that would be  
21 April 30th.

22 And when would the 15-day period start?

23 MR. LAIRD: We could start it as soon as  
24 next week.

25 MEMBER WORTHE: Meaning, like -- just

1 give me a date. May...

2 MR. LAIRD: Let's see. Let's call it the  
3 6th.

4 MEMBER WORTHE: Okay. So, we inherently  
5 have seven days built into the 15. So it really  
6 would be 22 days from when this information was made  
7 public.

8 Is that accurate?

9 MR. LAIRD: Absolutely.

10 MEMBER WORTHE: Okay.

11 MR. LAIRD: To your point, if it's this  
12 version of the text that's been published, then --

13 MEMBER WORTHE: Right.

14 MR. LAIRD: Yeah.

15 MEMBER WORTHE: To the extent it's this  
16 version, 15 becoming 22, to me, sounds like an ample  
17 amount of time. It's over three weeks.

18 Moving back to the timelines, I think  
19 there was Option 1, Option 2 on the audits. And I  
20 believe there's this January 1st of 2027 option for  
21 the ADMT regs; correct?

22 You know, I'd love to have a discussion  
23 amongst the Board, but one of the things that I  
24 think, with the short period I've been on here, what  
25 we struggled with is getting things accomplished.

1           And so the concept of me of, like, the  
2   larger companies have three years to get there? The  
3   smaller ones have 4 and 5 years? But we want to add  
4   another year to that? Four years is a long time from  
5   now. It's an Olympics, basically; right? I mean, so  
6   I just don't know why we need we need to -- yeah, we  
7   got -- right. Why we'd need to add more time when I  
8   think that's ample time for -- you know, a business  
9   with over a \$1 billion in revenue is pretty  
10   sophisticated.

11           Three years is a very long time to get up  
12   to speed on what you need to do, in my opinion. So  
13   I'd like to have that conversation here, because I  
14   think that probably came from some of our -- and it  
15   could have even been some of my comments, but now,  
16   you know, part of why we do this is to reflect on  
17   where we are.

18           And the final point I'll make is, I --  
19   you know, I heard Chair's voice change on the 10%,  
20   which I appreciate. I would say I'm actually  
21   comfortable with where we are. Because I think the  
22   purpose was, let's get this started. Let's not  
23   overwhelm both the California community and our own  
24   Agency. We can always make changes over time to  
25   these regs if we think we need to include more

1 people. But as much as the 10% sounded like a very  
2 low number, I'm -- I think it's -- and I really  
3 appreciate all the effort that was made, both to the  
4 savings numbers, and the number of businesses that  
5 would be captured. Because that was the point we  
6 asked for. And you had a very short time to figure  
7 it all out.

8 But I'm good with that because I know we  
9 can always adjust in the future. I'd rather start at  
10 a lower place than at a higher one. That's all.

11 CHAIR URBAN: Thank you.

12 MR. LAIRD: I think we have just --

13 CHAIR URBAN: It was a surprise. It  
14 didn't necessarily have valence of positive or  
15 negative, and I'm looking forward to board  
16 conversation -- it was surprise. Yes. Board  
17 conversation.

18 There was a response to Mr. Worthe's  
19 questions? Wonderful. Thank you.

20 MS. SHAIKH: Yes. With respect to the  
21 phase-in, those are just options that we're  
22 presenting to the Board. Again, ultimately, it's a  
23 policy decision for a consensus of the Board to  
24 determine.

25 Just for -- to reflect -- refresh folks'

1 recollection; yeah, the original version of the draft  
2 would have had submit submission in 2028. And so  
3 that would've been about three years from now, about  
4 two years, probably, from when the regulations would  
5 go into effect.

6 And so, just in case that you want to  
7 have that as another option for discussion, the  
8 original version, I believe, was 2028 for submission.

9 MR. LAIRD: For all companies -- for all  
10 businesses.

11 MEMBER WORTHE: Yeah, I'm comfortable  
12 with Option 1 personally, but we're not here to -- I  
13 don't think we'll set that yet.

14 CHAIR URBAN: Thank you, Mr. Worthe.

15 Mr. MacTaggart?

16 MEMBER MACTAGGART: How would you like to  
17 do this? I have -- I have comments on all three  
18 cybersecurity risk assessment and ADMT's. How would  
19 you like to do it? One at a time? Or how would you  
20 like to do it?

21 CHAIR URBAN: Everybody else has gone one  
22 at a time. Everybody else has gone through their  
23 questions on each item. So, I think shoot.

24 MEMBER MACTAGGART: All right, then.

25 So first of all, I think these are in a

1 much better shape than they were. So thank you.  
2 Thank you for that. It's been a tremendous amount of  
3 work in a very short amount of time. So I want to  
4 acknowledge that.

5 So talking about risk assessments  
6 article -- actually, no. Two separate things here --

7 In cybersecurity, I'm not super focused  
8 on this one. I think the only thing -- and this is  
9 more subjective, it's really in (e) -- what is that?  
10 Probably. You know, we have five -- what is it?

11 Five-and-a-half pages -- yes -- of  
12 requirements. And a lot of them -- you look at them,  
13 they kind of are -- sort of check the box.

14 Do you have a -- you know, two FA? Do  
15 you have, you know, strong passwords and all the rest  
16 of it? So I think that they're -- it's longer in  
17 writing than it would be. I just -- whenever I get  
18 into (e)1, 2, and 3, those are the ones that kind of  
19 stuck out at me as, sort of, a little bit subjective  
20 why the processes were appropriate for the audit.  
21 You know, I think that --

22 CHAIR URBAN: Can you provide page  
23 numbers?

24 MEMBER MACTAGGART: Yeah. That's on  
25 page 81. And so (e)1 and (e)3, sort of, this kind of

1 got a little -- it felt a little bit more subjective,  
2 but this isn't something I feel strongly about. Just  
3 maybe in the time you -- when you go back to look at  
4 it, you could take a look at it and say -- because I  
5 don't know -- I don't actually know if you were going  
6 to look at a straight, sort of, gap audit of a  
7 company. Do they have the -- does whatever -- the  
8 National Accounting Board have the same kind of  
9 subjective languages? So that's all. I don't really  
10 need to spend a lot of time on that one. But it was  
11 just those three (e)(1), 2, and 3 seemed -- or really  
12 1 and 3.

13           And unlike Mr. Worthe, I think I would  
14 support a phase-in. One of the things I'm a little  
15 concerned about is just the availability of auditors.  
16 Like, we're going to be creating a kind of a new  
17 industry here of, you know, auditors. And there's  
18 going to be a scramble for them. And I'm trying to  
19 think, okay, it sounds -- okay, Olympics sounds like  
20 a long time. And then every time you think about the  
21 Olympics, they're never ready on time. And they  
22 can't get the stadium finished. And they're, you  
23 know, finishing it off as the guys are walking in for  
24 the for the first opening ceremony.

25           So I think that's a little bit of -- I



1 think it's easy to say, but I'm -- I'd also be  
2 interested -- do we have a cost impact if we delay it  
3 out that 4th -- you know, go to Option 2 versus  
4 Option 1 for year one?

5 MR. LAIRD: Yes, we do.

6 MEMBER MACTAGGART: You can just give me  
7 the Option 1 versus Option 2.

8 MS. KIM: Well, so the cost is kind of  
9 broken out for ten years. It would be focused on  
10 like, if you look they're all -- I guess the best  
11 I can do at this point is refer you back to the  
12 ten-year chart that was provided with regard to the  
13 breakdown of original cost, Option 1 costs, and  
14 Option 2 costs. And how it spreads it out over the  
15 ten-year period.

16 Is the --

17 MEMBER MACTAGGART: Where is that?

18 MEMBER WORTHE: It's in the memo.

19 MEMBER MACTAGGART: Okay.

20 MEMBER WORTHE: Is the meaningful  
21 savings, though -- if you take the same ten-year  
22 period, and I start something in 2028, and I start  
23 something in 2029, you're going to have one less year  
24 in that window.

25 Is that the meaningful difference between

1 Option 1 and Option 2, or is the advance of time  
2 making things easier on people as well? That was the  
3 part I was trying to dissect.

4 MS. KIM: Yeah. So, we weren't able to  
5 provide any kind of macroeconomic --

6 MEMBER WORTHE: Because we gave you like  
7 two days to do it? Is that why?

8 MS. KIM: Yeah, essentially. But there's  
9 certainly going to be adjustments with regard to if  
10 you delay the time, there's going to be more time for  
11 workforce to come into effect, and changes with an  
12 economy, and building of things. I -- there's  
13 definitely going to be an adjustment made.

14 Whether or not that Option 1 and 2 -- is  
15 that significantly different than the old costs? I  
16 can't speak to at this point. But I can also just  
17 point to the fact that if you look at -- if you were  
18 to add up all the costs over ten years for each  
19 one -- I'm going to have to go back, and look, and  
20 see how much of a significant difference there is  
21 between Option 1 and 2 if you were to look at a  
22 ten-year summary of just the direct costs, not  
23 including any kind of macroeconomics.

24 And certainly if there's a break, we  
25 can -- I can speak with our economists on staff to

1 see if there's any additional information we can  
2 provide to you today.

3 CHAIR URBAN: I have a process question  
4 about this? I will have my -- I have my own comments  
5 about the implementation delays. But -- specifically  
6 and substantively.

7 But with regards to the auditor  
8 availability issue and the ease of implementation  
9 that the different timelines actually buy, which is a  
10 good point owned by Mr. MacTaggart, we're talking  
11 years no matter what. And I guess my question, then,  
12 is it -- what would be the process or is there a  
13 process if we get to year 2 or 3, and there seems to  
14 be evidence that either there are lots of auditors,  
15 or that the sort of audit capability is proving hard  
16 to build, that we could adjust at that time if that  
17 were the case?

18 The latter is probably the thing that --  
19 because I wouldn't want to change expectations that  
20 we built.

21 MR. LAIRD: Yeah, absolutely. Obviously,  
22 we can amend these, you know. These are regulations  
23 we're creating, and we can amend these regulations at  
24 any point based on what we're observing in the  
25 marketplace and concerns being raised.

1 CHAIR URBAN: Okay. Thank you.

2 MEMBER MACTAGGART: To that end, could  
3 you do more research in the next period? Just  
4 talking to economists to the whole idea of does this  
5 get cheaper as it goes along, you know, as the audit  
6 capability increases?

7 I mean, do we have to decide today on  
8 the Option 1 versus Option 2? Could we have the  
9 flexibility to decide on that at a later meeting, or  
10 is this now set in stone if -- whatever we decide.

11 MR. LAIRD: What I can say is, you know,  
12 if we were to start with one option now, we would  
13 have another public comment period. When we returned  
14 to the Board, you'd have, sort of, feedback on that  
15 position. We'd also be prepared with additional,  
16 sort of the final economic assessment of these costs  
17 and benefits.

18 But at that point, if you were to change,  
19 again, then from Option 1 to Option 2, for instance,  
20 that would actually necessitate then another public  
21 comment round. And even if it was just the only  
22 thing you changed in the regulations, we would have  
23 to do another public comment round. And we could  
24 absolutely, I -- you know, we still have until  
25 November to complete this, but...

1 MEMBER MACTAGGART: Okay. So why --

2 MEMBER WORTHE: Mr. MacTaggart, I did  
3 some quick math. I ignored year one, the difference  
4 between Option 1 Option 2, cost-wise. I ignored year  
5 one only because one was not starting. I don't  
6 understand -- and maybe this is something we could  
7 just look at today, why year four has a 180 million  
8 difference. All the other years have between 34 --  
9 18 to 34 million.

10 So they're kind of -- right? But if you  
11 could figure out why year four is such an outlier, I  
12 think the point is going to be that they're basically  
13 pretty much the same. It's more expensive for your  
14 Option 1 in the later years, and it's more costly for  
15 Option 2 in the earlier years.

16 MS. KIM: I think the difference is the  
17 number of firms that come into play have to come into  
18 compliance versus 3 and 4. But certainly I'm going  
19 to come -- well, if we could take a quick break and  
20 just make sure that I can speak intelligently about  
21 this. I would love that.

22 On a high level note is that there is,  
23 you know, after you've done one cybersecurity audit,  
24 the next year there's significant cost reduction in  
25 preparing it again. And so that is also a

1 distinguishing factor.

2 And I also wanted to raise a point that  
3 was made by Mr. Liebert last board meeting as to  
4 whether or not annual is something that wants -- that  
5 the Board wants to revisit on a legislative level to  
6 see if, you know, you want to go back to the  
7 legislature and think about whether or not an annual  
8 cybersecurity audit is really in the furtherance of  
9 people's privacy, and taking into consideration, you  
10 know, resources and that -- that sort of thing.

11 CHAIR URBAN: Thank you. I'd actually  
12 like to hold that so we can continue the discussion,  
13 but we will certainly give you time, Ms. Kim.

14 MEMBER MACTAGGART: Okay. So one other  
15 question, Mr. Laird, which I wasn't too sure of.

16 So the 15 days, plus the 7, as Mr. Worthe  
17 said -- okay, it sounds like a lot, but actually this  
18 is a lot of work -- if we extend that to 30 days, two  
19 questions: One, can we do that within the timeline?  
20 And then the second question is what I wasn't too  
21 sure of. We keep on hearing about this deadline,  
22 but, as I understand, the deadline in November -- if  
23 OLA doesn't like it, they kind of send us back stuff  
24 saying, fix this. And we have another 120 days to  
25 fix it. We don't have to start all over again;

1 right? We could just fix what they said.

2 So what's the -- so the two questions are  
3 can we do 30 days? And then the second question is  
4 if it's terrible and we hit the thing and they say,  
5 "no," we're not going to approve. We still get four  
6 months to fix stuff;" right? So what's the big deal  
7 about November?

8 MR. LAIRD: Great questions. So, for the  
9 first one, you're absolutely right. Fifteen days is  
10 a minimum, it's not the maximum. At the same time,  
11 as you know, to begin this process, we started with  
12 an almost 90-day public comment period. And so,  
13 again, thinking about our timeline of 365 days to get  
14 this done, and knowing the Board is scheduled to meet  
15 again likely in July for staff to be able to receive  
16 comments, and process them in time to for that board  
17 meeting, I would recommend not going beyond 30 days  
18 for a public comment period, but certainly 15 days,  
19 which is statutorily required.

20 In response to your second question,  
21 you're correct. If we -- but I think the whole point  
22 we've been trying to make is that that still requires  
23 this Board to adopt regulations, to agree on  
24 regulations, to submit to the office administrative  
25 law. And so that adoption and that submission needs

1 to happen by November. And if that didn't occur,  
2 then we would start the process over.

3 MEMBER MACTAGGART: Okay. So I'm -- you  
4 know, personally, I kind of think these -- this is --  
5 I'd rather get it right. And at the risk of going  
6 into that 120-day period, I'd rather give  
7 stakeholders a chance to really, fully, kind of  
8 digest these. And so that's cybersecurity.

9 Now I want to turn to risk assessment and  
10 to ADMT.

11 So one of the questions, you know, I  
12 think the regulations can further define what's in  
13 the statute. And if you look in the statute, the  
14 definition of profiling is not, I think, adequate for  
15 what we're doing here.

16 So in 7150 -- this is now page 85, and  
17 this is (b)(4) and (b)(5). And my questions about  
18 (b)(4) and (5) are we gotta do a risk assessment when  
19 we're profiling consumers through systematic  
20 observation when they're acting da-da-da-da-da. But  
21 if you go back to the definition of profiling,  
22 because it's got this kind of loosey-goosey,  
23 undetermined term of automated processing of  
24 information, I think that's a problem.

25 Because now what you're really saying is



1 if you use any kind of automated -- which is  
2 undefined. What does that mean?

3 So essentially, if you're using automated  
4 processes with respect to an applicant, a student, or  
5 an employee -- so to me, that means your basic HR,  
6 "did you get paid?"

7 Okay. Now you have to do a risk  
8 assessment.

9 "Did your card key work to get you into  
10 the building?"

11 Because that -- and, especially, it's  
12 profiling consumers based upon their presence in  
13 associated sensitive location. So, if I'm an Uber or  
14 a Lyft, and I'm getting you a car to a hospital, I've  
15 now, under this, I've profiled you.

16 And I think that, again, what we should  
17 be trying to do is, "what are you doing with the  
18 information?" And so either I would really kind of  
19 relook at (4) and (5) because I think that we're  
20 casting way too big a net. And we're saying do a  
21 risk assessment for stuff that, right now, is very,  
22 you know, mundane, kind of use of -- technology that  
23 we've been using for 40 or 50 years.

24 Or, you know -- so, I think if you change  
25 profiling to instead of any form of automatic

1 processing, it could be ADM. But still the problem  
2 with if you put ADM in there is for the -- you know,  
3 Doordash delivering pizza to the nurses at the  
4 hospital, suddenly it's, you know, a risk assessment,  
5 and that you know, that doesn't make any sense if  
6 you're delivering the pizza to the nurse at home.  
7 No -- no, you know, no risk assessment. But if  
8 you're delivering it to the nurses at the hospital,  
9 then it's a risk assessment.

10 So I think that there's an issue there  
11 that -- and I'm happy to -- we don't really need to  
12 debate it. I could be wrong. You -- I mean, I'm --  
13 do you feel like I am or?

14 MS. SHAIKH: So, with respect to the  
15 definition of profiling -- I mean, I think one thing  
16 to keep in mind. I'm not sure if the Doordash  
17 example would be scoped in, because it's not simply  
18 that you -- it's an automated process to get someone  
19 to somewhere. I had always understood profiling,  
20 based off of the statutory text, to be -- it's an  
21 automated process to evaluate that person and  
22 specifically analyze these specific characteristics  
23 about them.

24 MEMBER MACTAGGART: It's their movements  
25 too? So it's where they are.

1 MS. SHAIKH: But, again, it's evaluating  
2 the consumer based on their movement. So it's  
3 developing some sort of evaluation about them,  
4 developing a profile about them. But if the general  
5 consensus from the Board is -- you know, it's not  
6 like -- we understand that there are risks to  
7 essentially tracking consumers' movements at these  
8 locations, or tracking them within these locations,  
9 or within No. 4, tracking employees through  
10 systematic observation. If the Board is generally  
11 aligned on wanting to have those trigger risk  
12 assessments, but essentially tighten up the language  
13 a bit, that's something we can do and think through.  
14 And, again, we could potentially use a break to think  
15 through potential options here.

16 MEMBER MACTAGGART: I mean, I think this  
17 is like the whole, you know, the definition of  
18 pornography. You know it when you see it.

19 If we're talking about tracking someone  
20 to the reproductive health clinic to make sure, "oh,  
21 we're going to see her; we're going to now track her  
22 back to Utah," clearly terrible; right?

23 And so, but delivering the pizzas to the  
24 reproductive health clinic, not a big deal. And so,  
25 I'm trying to distinguish and I would just urge you

1 to kind of wear that hat when you're going back and  
2 maybe take a look at these. Because I think that you  
3 could tighten these 2, 4, and 5 up to kind of exclude  
4 a lot of the -- what I'll call is just the nonsense,  
5 really stuff that we shouldn't really, I don't think,  
6 in anybody's mind, trigger a risk assessment.

7 I mean, if you go to the San Francisco  
8 General in an Uber is that really -- you know, now,  
9 if they're doing it and they're like, "oh, this  
10 person has this disease and we're going to create  
11 this long -- because it's the fourth time he's been  
12 there this long. That probably is dialysis." And  
13 now we're going to say, "okay, this is our dialysis  
14 patient." Whatever that is. I just -- I think that  
15 the language is too broad right here.

16 MR. LAIRD: And I might just jump in to  
17 say, I mean, I think what you're describing, though,  
18 is the assessment essentially of at least from your  
19 stance, you know, what is risky and what's not. And  
20 that really is for this Board to decide.

21 I just want to say I think we're happy to  
22 support what the direction is, but I think you all  
23 need to tell us what -- I'm hearing one position on  
24 the risk, but I would need everybody to kind of give  
25 us direction on which risk should be scoped in and

1 which shouldn't.

2 CHAIR URBAN: Yeah, we should have a  
3 broader board discussion about that policy point.  
4 I do not read this language the way you do,  
5 Mr. MacTaggart, because I also read it as filtered  
6 through the statutory text, which it must be. But I  
7 have no problem with the technical amendment that  
8 reflected the Board's consensus. But we don't yet  
9 know what the Board's consensus is.

10 MEMBER MACTAGGART: Yeah, and I don't  
11 actually think it'll -- I mean, I don't want to speak  
12 for the Board, but I don't -- I hope it wouldn't be  
13 contentious. I don't think we're -- I mean, I think  
14 we're all saying, look, if you're evaluating,  
15 creating a profile, and you're saving that profile,  
16 and you're really trying to infer things about a  
17 person based on that, and you're creating this big  
18 longitudinal profile based upon the fact that, you  
19 know, you get pizza at the hospital, that's one  
20 thing. But I think there's a lot of kind of pretty  
21 simple technological -- the way the world works is  
22 going to get caught up.

23 Just, you know, again, if I could go back  
24 to my card key just to get into my office building,  
25 that is a systematic observation of me, as an

1 employee, using automated processing of PI. And I  
2 think that's not -- you, just because you have a card  
3 key system in your office building doesn't mean --

4 CHAIR URBAN: I think we take the point  
5 about your concept of the risk, so maybe we could  
6 move on and take this up as a board.

7 MEMBER MACTAGGART: Okay. All right.

8 And I have the -- in on page 90. This is  
9 now 7152.

10 You know, I think what we were trying to  
11 do was make this facts -- at one level, this is kind  
12 of moot. Because the (indiscernible) negative  
13 impacts to conceive these things (a) through (g) on  
14 that page, (a) through (h) on the next page, are  
15 really very subjective.

16 And I, you know, I -- like, for example,  
17 (b). And I want to get -- the reason I want to  
18 minimize things here is because the statutory  
19 language says the risk to consumers' privacy or  
20 security.

21 So then I look at (b), this is not a risk  
22 to your privacy and security. It's illegal. You  
23 can't discriminate. But I don't know why it's in a  
24 privacy statute.

25 You know, I look at (d), the pricing

1 thing. Again, it's not a privacy or security issue.  
2 And so I -- you know, I think that the -- you know,  
3 obviously, (f) is. That's privacy and security. But  
4 I think much of this is, I don't know, fodder for  
5 opposition to say, "Look what they're making us do."  
6 And I don't think we need it in there because, first  
7 of all, it's "may." So, people probably will ignore  
8 it. But I just would take it out because, again, I  
9 don't feel like it's supported in statutory language  
10 of privacy or security.

11 MS. ANDERSON: I'm going to respond.

12 MEMBER MACTAGGART: Sure. Yeah.

13 MS. ANDERSON: Okay. So in terms of the  
14 negative impacts that are listed here as the, "may  
15 consider," they are in there for to provide some  
16 clarity and guidance for businesses.

17 As we've discussed before, the  
18 discrimination as a privacy harm is something that  
19 the text of the CCPA, as well as other privacy  
20 frameworks, including Colorado, academic scholarship  
21 and government entities, all support as being a  
22 privacy harm. The use of -- or this entire list all  
23 involve the use or processing of personal information  
24 that results in negative impacts to consumers. So,  
25 the nexus is in the use of personal information.

1           So, with respect to discrimination,  
2   CCPA's definition of sensitive personal information  
3   includes things like racial or ethnic origin,  
4   citizenship or immigration status, religious or  
5   philosophical beliefs, genetic data, and personal  
6   information about consumers' health or sex life or  
7   sexual orientation. Those recognize that  
8   discrimination on those bases is a privacy harm.

9           In terms of other privacy frameworks,  
10   Colorado's data protection assessment regulations  
11   require businesses to consider the source and nature  
12   of risks to consumers. And they include in their  
13   list of risks that controllers may consider, very  
14   similar to what we're doing, discrimination harms,  
15   such as a violation of federal antidiscrimination  
16   laws or antidiscrimination laws of any state or  
17   political subdivision thereof.

18           Privacy scholars, government entities,  
19   including the NIST cybersecurity framework and the  
20   NIST privacy risk assessment technology also all  
21   recognize discrimination as a privacy harm. So we do  
22   feel that that is something that should be retained.

23           But I think just on a -- on a broader  
24   level, these lists of harms are privacy harms,  
25   because they're the use of personal information that



1 result in negative impacts to consumers that  
2 businesses should be considering as part of a risk  
3 assessment.

4 Not on -- not only that, but 1798.125 of  
5 our statute prohibits retaliation against consumers  
6 largely for finance and financial situations, but  
7 also in employment. And the language that it uses is  
8 that a business shall not discriminate.

9 MEMBER MACTAGGART: Yeah. I think I --  
10 my point is that in this -- the enabling 185(a)15  
11 here, at risk consumer private security; 125 stands  
12 on its own and is related to the sale of data.

13 Anyway, I don't think this is -- I just  
14 want to -- I'm interested in making this area tie  
15 into the preamble in 185(a)15 as much as possible.  
16 But, again, since it's "may," I don't think it's  
17 super important.

18 And, you know, the difference in Colorado  
19 is they had a law that specified this. And I think  
20 we're basing this on the 185(a)(15). So I don't -- I  
21 don't necessarily -- you know, for example, (h),  
22 we're getting back into this thing -- you know, into  
23 the subjective thing of what's the psychological harm  
24 for -- and the business has to figure out what the  
25 psychological harm is. Now they don't have to

1 because it's "may."

2 So, again, I just think it's -- this gets  
3 right back into the whole ADC thing. But anyway --  
4 but, so that's -- the one I feel more strongly about  
5 for risk assessments, is the profiling. And then  
6 on --

7 CHAIR URBAN: I'm sorry, Mr. MacTaggart.  
8 Just because I've been turning around the profiling  
9 point in my mind, and I just want to be sure, you're  
10 concerned about the drafting? And then -- and then  
11 we also -- we need to have a -- sort of -- you know,  
12 the Board either can give guidance or just say  
13 we're -- you know, we want to get comments on the  
14 overall risk profile that we're talking about here as  
15 far as a privacy risk.

16 But is it the word "profiling"?

17 MEMBER MACTAGGART: Well, it's either the  
18 word "profiling" or the definition of "profiling,"  
19 but the fact that you have --

20 CHAIR URBAN: The definition in the  
21 reg -- sorry. I'm just trying to get it straight.

22 MEMBER MACTAGGART: The fact that you --  
23 because the -- what I'm suggesting is that the  
24 definition of profiling in the statute needs to be  
25 further clarified here if you're going to use it in

1 this context.

2 Because the definition of profiling in  
3 the statute only refers to automated processing of  
4 personal information, which is not a defined term.

5 To the extent that you use software  
6 essentially to evaluate -- what does evaluate mean?  
7 Personal aspects relating to a natural person and  
8 their location, their movement, their performance at  
9 work, that's really like -- that's HR -- that's basic  
10 HR stuff. That's like, "Did I show up at work today?  
11 Did I card key in? Did I come in through the parking  
12 lot?"

13 You know, did I -- and I think we're --  
14 that's not what we want to trigger a risk assessment.  
15 Because I don't -- I mean, at least personally, I  
16 feel like we want to trigger a risk assessment when  
17 the behavior is risky. But I don't feel like, you  
18 know, the excel spreadsheet kind of keeping track of  
19 people's hours is something that's automated  
20 processing, but I don't think that should be risky.  
21 That's my take now.

22 Maybe we all have a different point of  
23 view. But at least for me, I don't feel like that  
24 should trigger us -- put us over the edge. And I  
25 think the drafting could be tightened up, and it

1 could be done in a way that would not harm what we're  
2 all trying to do here. But I do think that because  
3 (4) and (5) on page 85 refer to profiling, and  
4 profiling refers to automated processing of personal  
5 information, which is not defined, and it talks about  
6 movements and location, I think you're opening the  
7 door to a much broader risk assessment that does not  
8 do anything to help risk, per se.

9 MS. SHAIKH: On this point, again, I  
10 would appreciate any guidance from other members of  
11 the Board in terms of what use-cases should and  
12 should not be scoped in. This is where I actually  
13 would say a 15-day comment period would be  
14 particularly beneficial.

15 I'm assuming that practitioners --  
16 there's about 277 people watching this right now --  
17 are paying close attention to what our board members  
18 are asking for additional feedback on. And this is  
19 one where, given that it goes to how are businesses  
20 using these technologies and how are consumers most  
21 harmed by them.

22 This is where I'd really request a 15-day  
23 comment period so that we can get commenters who are  
24 actually using these technologies and experiencing  
25 them on the ground to give us a bit more information.

1 I would say these thresholds generally  
2 got less attention in the 45-day comment period. I  
3 think people were focused more on the use of the ADMT  
4 for significant decisions. So I would really  
5 appreciate specific use-cases that folks are more  
6 concerned about so that we can tighten up.

7 Like we, obviously to the extent the  
8 Board has suggestions today, we are absolutely happy  
9 to implement them, but this is where I think  
10 benefiting from feedback from individuals and  
11 businesses would be particularly helpful for us to  
12 make sure we're scoping this appropriately.

13 MEMBER MACTAGGART: And do you think 15  
14 is better than 30?

15 MS. SHAIKH: Sorry. I say 15 because  
16 that's the statutory requirement. Again, whatever  
17 the Board ultimately decides. Apologies that I just  
18 used the statute for our timeline.

19 MEMBER MACTAGGART: Okay. Sure. Yeah.  
20 I think -- I mean, like, I think there's -- what I  
21 don't want to have -- I guess my view of the world is  
22 not to take everyday, normal, non-risky, kind of,  
23 software processes that we all have become accustomed  
24 to -- even before the internet, frankly, to all of a  
25 sudden trigger risk assessment.

1           And I think a lot of HR, normal stuff,  
2     like getting your paycheck, will be triggered here.  
3     And so that's my risk assessment comment.

4           And then in my comments on ADM, so I have  
5     one comment on page 103. I -- well, actually, no.  
6     I'll leave that one alone.

7           Let's go to page 107 and 108. And this  
8     is 7221(b)(2) and (3). This is just kind of talking  
9     about the opt-out. I think we're missing, in both  
10    cases -- and if -- so, it's -- you know, if I read  
11    (2), it's for admission, acceptance, or hiring  
12    decisions set forth if the business does the  
13    following; right?

14          And in both cases, I want to talk about  
15    the word, "ensures," so that -- the (a) is pretty  
16    clear in both cases, 2(a) and 3(a). But the (b) is  
17    "ensures that the ADM works as intended and doesn't  
18    unlawfully discriminate."

19          So, first of all, you know, if you're a  
20    small business, again, how are you going to ensure --  
21    if you're a big business, how are you going to  
22    ensure? We're a privacy statute. And now we're  
23    going to say to the gig company, "hey, you got to  
24    ensure that your algorithm which assigns work to the  
25    pizza deliverer or to the car is not unlawfully

1 discriminating based on corrected protected  
2 characteristics."

3           So you're going to say that an Uber or  
4 a Lyft -- we're going to have to keep track of  
5 everybody's race, every gender, every sexual  
6 orientation. So I'm going to have to make sure that  
7 I'm allocating cars, you know, not across -- not in a  
8 discriminatory fashion.

9           And I -- we're a privacy agency. We're  
10 going to make these companies collect all this  
11 information about people, that -- about their workers  
12 that they may not, you know, that it's -- it kind of  
13 feels backwards for a privacy agency to say, "hey, by  
14 the way, I want you to become like a civil rights  
15 agency."

16           And obviously it's important that this  
17 doesn't happen, but there's a ton of civil rights  
18 laws out there. And so I don't know how I, if I were  
19 a business, would ensure. Now you could, maybe, make  
20 a reasonable effort, but I would urge us to change  
21 that word, change that verb to, sort of, "makes  
22 reasonable efforts." Because I -- you know, if I'm  
23 in that business, I mean, I want to collect all my  
24 gig economy's races -- yeah.

25           MEMBER WORTHE: Just a question on the

1 example. Let's just use the Uber/Lyft example.

2 If my technology sends the closest car to  
3 the consumer, I'm not discriminating so I don't need  
4 to worry about all those other things. If I'm  
5 choosing to not send somebody because of their race,  
6 then I am --

7 MEMBER MACTAGGART: Sure. Sure. But you  
8 would have to know their race. I just want to --

9 MEMBER WORTHE: But no, I don't. If I  
10 just send the closest car, I don't have to know  
11 anything.

12 MEMBER MACTAGGART: Yeah. I just want to  
13 make sure that --

14 MEMBER WORTHE: Unless I say, hey, why  
15 is --

16 MEMBER MACTAGGART: Well, I think that  
17 the word "ensure" is almost impossible for the  
18 business to --

19 MEMBER WORTHE: There's almost back --  
20 again, this is not the same place you had it, but  
21 almost -- "if you are," then you -- I mean, somehow  
22 you need to put the onus on if you're actually in the  
23 act of discriminating. Then -- somehow I want to --  
24 you know what I mean? I think it tightens it a  
25 little bit.



1 CHAIR URBAN: Yes. And also remember  
2 that only a subset of businesses are doing these risk  
3 assessments, and they're already doing them for a  
4 subset of reasons underneath the chapel language.  
5 But I think, again, we have a focus on the word --  
6 the word "ensure," and then we also have a lot of  
7 perception about what is risk that is relevant for  
8 our remit.

9 With regards to the word "ensures," I  
10 believe that -- and staff can tell me if I'm wrong --  
11 is that this was revised in order to reduce the  
12 burden on the business and to give the business more  
13 flexibility in how they chose to use the risk  
14 assessment process to understand their practices; and  
15 that the ADMT technology is both, working as  
16 intended; and that it's not discriminating.

17 So based on what was there before, which  
18 had a much more, sort of, specific, prescriptive set  
19 of things the business had to do, my understanding  
20 was that this was intended to give businesses some  
21 flexibility within the APA's limitations on that  
22 flexibility, because of the fact -- of the clarity  
23 standard in California, we are quite limited in our  
24 ability to provide flexibility in that way.

25 Is that a correct set assumption about

1 this?

2 MS. ANDERSON: Yes.

3 CHAIR URBAN: Okay.

4 MS. ANDERSON: (Indiscernible) or a  
5 performance based standard. So they are --

6 CHAIR URBAN: Yes.

7 MS. ANDERSON: Not concerned with how  
8 they ensure. We are just putting in that performance  
9 standard that they ensure.

10 CHAIR URBAN: Yeah. So a performance  
11 standard; right? Yeah.

12 MR. LAIRD: And I'll just note, of  
13 course, this is an exception. So, businesses are not  
14 compelled to do this; they're only required to do it  
15 if they want to avail themselves of this particular  
16 exception.

17 CHAIR URBAN: Okay. Thank you.

18 MS. SHAIKH: Sorry. The -- just the last  
19 thing that I want to say on this.

20 So with the idea of the performance  
21 standard, this is also one -- again, taking the long  
22 view of these regulations, part of the reason that we  
23 up-leveled this is so that businesses have the  
24 flexibility at this time. We can learn as the, of  
25 course, through the public comment period, but also

1 once they go into effect, how businesses are actually  
2 taking steps to ensure, identify what best practices  
3 are, and then revise the regulations to provide  
4 guidance.

5 So the idea here is we're creating the  
6 flexible standard now for businesses with the goal  
7 of learning from what these best practices are and  
8 ideally providing a bit more guidance in the future.  
9 And so that's the general long-term goal.

10 CHAIR URBAN: Thank you.

11 MS. ANDERSON: And then one final point.

12 It's just that, businesses already have  
13 an independent obligation to comply with  
14 antidiscrimination laws at the federal and state  
15 level. So this is just, you know, reifying that.  
16 That that's something that they need to keep in mind  
17 if they're engaging in these types of practices.

18 MEMBER MACTAGGART: Yeah. But I -- what  
19 I -- I guess this is where I get twisted up. It is  
20 like, I'm a small business. I'm using software off  
21 the shelf, and somehow -- I don't know. If I'm using  
22 chat, what if it's -- what if it's discriminating.  
23 And so I have this -- now, this new obligation, and I  
24 just -- I think it's -- I think.

25 CHAIR URBAN: You don't get to

1 discriminate, even if you're a small business. You  
2 just don't.

3 MEMBER MACTAGGART: Of course, you don't.  
4 And that's -- but, again, I think that the "ensured"  
5 part is that -- that you're saying that the ADM that  
6 I've gotten off the shelf, I have to somehow, now, go  
7 verify that Microsoft ADM is working as intended,  
8 which I don't think is practical. So that's why I  
9 would say, you have to make some reasonable efforts  
10 to ensure, as opposed to this hard standard.

11 And, of course, I'm not suggesting that  
12 you get to discriminate.

13 CHAIR URBAN: Were those your comments?  
14 Wonderful. Thank you very much.

15 Mr. Liebert?

16 MEMBER LIEBERT: I want to hear you.

17 CHAIR URBAN: Go ahead.

18 MEMBER LIEBERT: I think you should go.

19 CHAIR URBAN: Are you waiting to hear  
20 what I say?

21 MEMBER LIEBERT: Yeah.

22 CHAIR URBAN: So that you can undermine  
23 them or so that you can support them? Because when I  
24 make my decision, I need to know now.

25 All right. Sure. Yeah. I'll go ahead.

1 First, I really probably should have  
2 written out a statement, which I don't normally do as  
3 people are probably very, unfortunately, aware, and  
4 listening to me do this kind of thing, and continue  
5 my sentence. But I did not write out a statement,  
6 which I regret. Because it's just difficult to  
7 express appropriately my thanks for the rigor, and  
8 the care, and the thoroughness with which the team  
9 has taken a board discussion from less than a month  
10 ago, and that significantly revised these  
11 regulations, significantly pulled them back, and  
12 managed to implement this in this time frame for us  
13 and for the public.

14 It is just a real testament to, again,  
15 that skill and dedication. And for those folks who  
16 aren't privacy policymakers, and aren't privacy  
17 attorneys, and aren't chief privacy officers, or  
18 their staff in companies, let the rest of us just  
19 all stand up and say how impressive, and indeed  
20 surprising it is, that you were able to do this, and  
21 that you did this for California and for the Agency.  
22 So thank you very much.

23 That said -- no. No.

24 I do -- I think that -- I think the  
25 staff, broadly speaking and overall and in many

1 specifics, have just made very good careful choices  
2 that are in line with the Board's expectations.

3 They do pull the regulations back from  
4 consumer protection and in favor of businesses  
5 further than the Board's guidance in early April.

6 So, for example, significant decision.  
7 We had a long conversation. I remember, Mr. Worthe,  
8 had a lot of really helpful, sort of concrete  
9 questions and examples about the definition that  
10 resulted in a knowledge standard that staff were  
11 working with. We didn't -- we didn't cut it back.  
12 We didn't cut those thresholds back completely the  
13 way they've been cut out.

14 And I say this not because I'm not going  
15 to support moving it to 15-day. I say this because  
16 we've really cut to the bone in terms of what is in  
17 line with the statute's requirements for the  
18 regulations we need to do, and in terms of the  
19 relative value to businesses and the relative value  
20 to the people, to the residents of California whose  
21 personal information is at stake.

22 And I don't say that as a political sort  
23 of -- you know, I just think that this is -- it's a  
24 very streamlined, fast 70-mile -- why don't -- well,  
25 actually that's not fast anymore, is it? I don't

1 know, 120 miles-an-hour -- is that fast -- you know,  
2 kind of draft.

3 And I appreciate that, but I think that  
4 it's important that I also express some concerns  
5 about the policy direction on a couple of points.  
6 Because I do have some questions for both the civil  
7 society groups, definitely for individual consumers,  
8 and for businesses in terms of the easing of  
9 implementation here.

10 A fair number of them relate to the  
11 cybersecurity audits and the using the different  
12 periods of implementation in order to find those  
13 cost savings. And I know there have been a lot of  
14 questions from the Board about that. I think they're  
15 appropriate. You know, these are very large savings  
16 compared to the SRIA, and that is all to the good.

17 My worry, to be really frank right now,  
18 is that the current implementation deadlines, along  
19 with some of the narrowing isn't taking into account  
20 the costs on the opposite side.

21 So the costs to both businesses in the  
22 business ecosystem and to, of course, consumers, who,  
23 as Dr. Nonnecke pointed out, it's their personal  
24 information that is at stake of delaying the  
25 cybersecurity audits even more.

1                   And so significantly, this RIA was  
2 already really conservative on estimating benefits of  
3 the regulations. And I know they're hard to estimate  
4 in a lot of ways because it can, particularly for  
5 this, it can be the dog that hopefully doesn't bark.  
6 But that dog has been keeping everybody up at night  
7 for years, and it's getting louder, and it's becoming  
8 a pack.

9                   And -- yeah. I know. I don't write  
10 things down. I don't know where I'm going to go.  
11 It's becoming a pack. And I'll just go further and  
12 say, and that pack is close is at the door.

13                  Our cybersecurity infrastructure security  
14 agency has been decimated. Cyber crime alone is  
15 estimated to have cost globally last year,  
16 \$9.5 trillion dollars. That's trillion dollars with  
17 a "T." \$10.5 trillion estimated for this year before  
18 the decimation of our national infrastructure for  
19 cybersecurity.

20                  This is a clear, present, ongoing, and  
21 quickly, rapidly growing danger. None of us want to  
22 inadvertently make it harder for businesses to lock  
23 down their systems around personal information with  
24 requirements that aren't helpful.

25                  The first thing they have to know,



1     though, is know where their risk is. That is the  
2     first thing they need to know. And the reason why I  
3     said that I'm concerned about our inability to  
4     estimate the cost of delay, et cetera, is in part  
5     because I think it isn't always clear in the  
6     discussion that this is a cost that ripples across  
7     the entire ecosystem.

8             So I teach cybersecurity from time to  
9     time, and this is something that I keep track of  
10    pretty closely.

11            Cybersecurity in the United States is  
12    provided by private businesses. You're on your own,  
13    like the way, not completely -- well, more now. See  
14    above, CISA. But you know, you -- like, you lock  
15    your door.

16            And it's a system that is -- you know,  
17    requires businesses to realize they have the  
18    incentive to protect their crown jewels and to  
19    protect the data of others they hold.

20            It hasn't been wholly successful, as we  
21    all know. How many data breach notices has everybody  
22    gotten? And the -- and the issue is getting more and  
23    more acute because of the increasing number, amount,  
24    ease, and inexpensiveness of tools to attack these  
25    companies.

1                   And when I say it's not just the  
2 businesses -- I should be more clear. Businesses  
3 don't just pay the cost of the cybersecurity audit;  
4 they pay the cost of all their partners and everybody  
5 in their ecosystem, everybody in their supply chain,  
6 everybody in their service chain, who doesn't do a  
7 cybersecurity audit, and then has a breach. Or has,  
8 you know, ransom or attack that affects the entire  
9 ecosystem. So I see this particular issue as  
10 something that is acute.

11                  And what we need to do is give businesses  
12 the tools and -- you know, honestly, it seems they  
13 need a requirement -- the tools to go ahead and kind  
14 of have the requirement underneath to understand what  
15 they're doing and to tighten up their requirements.  
16 So that's kind of the context in which I did look at  
17 this.

18                  So I would not support Option 2. I'm  
19 very soft on Option 1, but I'm willing to go with the  
20 Board on it. And I'm very willing to, as probably  
21 was suggested by my question to Ms. Kim earlier --  
22 you know, if it's the case that we just -- like, no  
23 market is developing that will help businesses do  
24 that, then we can talk about that then.

25                  But I think these are really pared to the

1 bone. And I think that to the extent that we're  
2 getting comments that don't take into account the  
3 costs to the businesses doing the audits of other  
4 people not doing the audits, I think that we need to  
5 realize that that is a big missing piece of the  
6 puzzle. And the fact that they have a responsibility  
7 to protect the personal information in their care.

8 I will go back to that genetics company  
9 that's just gone under. But there's also so many  
10 companies, and they need to be capitalized to protect  
11 the personal information if they're going to handle  
12 it.

13 And so I hugely appreciate the work here.  
14 I'm really impressed by the cost profile, the cost  
15 savings you've been able to come up with. I just  
16 needed to state my concern about a direction, if it  
17 were a direction.

18 With regards to the risk assessments --  
19 actually, I'll just leave it there and say I'm happy  
20 to share my thought about risk when it comes to  
21 things like public profiling. I do not think these  
22 things can be so easily distinguished. But I talked  
23 a lot about that in the last board meeting.

24 The only thing that I will say about this  
25 is that it's only clear that they cannot be so easily

1 distinguished. And it's only clear that there are  
2 actual physical personal freedom harms that are  
3 implicated by things like location data, things like  
4 whether you're at target when your name was in the  
5 IRS database.

6 And that in terms of HR records, I'll  
7 tell you. OMB protected them meticulously and took  
8 great care to maintain the privacy of those records.

9 So I think, you know, Mr. MacTaggart's  
10 point about their -- well, Mr. MacTaggart illustrates  
11 that there's a range of viewpoints about specific  
12 examples of things, and I would really value public  
13 comments on that. All right.

14 Now, Mr. MacTaggart -- sorry,  
15 Mr. Liebert?

16 MEMBER LIEBERT: I did take a couple of  
17 notes, so I'm going to look at some.

18 As we, once again, consider, what I think  
19 we all agree, are some pretty dramatic narrowing  
20 amendments, as I would call them, to the Agency's  
21 regulations, I too want to thank the amazing staff of  
22 this Agency. And I want to give a special shout out  
23 on behalf of the Board to our amazing legal staff.  
24 Wow.

25 When we said just a few weeks ago, we

1 need you to do a whole bunch of work in a really  
2 short period of time, what you did is truly  
3 extraordinary, and I bet you're very tired. So thank  
4 you for that. Thank you for all the staff who have  
5 been in this process.

6 And thank you, my fellow board member,  
7 Mr. MacTaggart, because I both congratulate you and  
8 blame you for all these hours and hours of work we're  
9 doing on this. Because every word that you put in an  
10 initiative like that can lead to a whole bunch of  
11 conversation. And we have certainly proved that.

12 Let's be clear here, the State's nation  
13 leading privacy laws are very clear in their  
14 commandments on the privacy protection issues we have  
15 considered today.

16 With respect to cybersecurity audits,  
17 the voters clearly directed us to figure out how  
18 optimally to protect the privacy of California  
19 consumers by requiring businesses who have access  
20 to our personal information to conduct such  
21 cybersecurity reviews to ensure our private  
22 information is carefully protected. Thank you for  
23 that.

24 With respect to risk assessments, the  
25 voters also clearly directed us to require privacy

1 risk assessments that would include whether the  
2 processing involves sensitive personal information.  
3 So thank you for that.

4 And yes, with respect to ADMT, the voters  
5 once again directed this Agency to govern access and  
6 opt-out rights with respect to a business's use of  
7 ADMT.

8 So we all need to recall, as we grapple  
9 with these inherently complex, "oh, my gosh," and  
10 controversial regulatory efforts, that this has not  
11 somehow been an optional exercise. We have to do  
12 this. We've had to do this.

13 The founding parents, which I refer to  
14 you, of these privacy laws we are now  
15 operationalizing, including, of course,  
16 Mr. MacTaggart, prudently gave us these important  
17 mandates. And I know we are all collectively  
18 striving to do our best to fulfill them, but the law  
19 requires us to do this.

20 I suggest that looking back on the  
21 evolution of these draft regulations these past  
22 several years, the Board has been unbelievably  
23 pragmatic and very open-minded in its rulemaking  
24 process. Perhaps too open-minded. We will find out.

25 In that regard, as the Chair has, I

1 think, brilliantly noted, it is worth recalling just  
2 how much narrower and more cabined these proposed  
3 regulations before us today are compared to when the  
4 Board commenced this effort years ago, which I was  
5 not part of.

6 We have clearly listened carefully to the  
7 State's business and innovation sectors, and their  
8 understandable concerns about the costs associated  
9 with protecting consumer privacy, their costs.

10 And when we have listened to the public  
11 interest community and their reminders about the laws  
12 of what these laws require, we have to ask  
13 ourselves, have we gone too far in this balance? We  
14 don't know.

15 This board, therefore, already has agreed  
16 to substantially narrow the definition of ADMT. It  
17 has agreed to narrow the definition of significant  
18 decision. It has agreed to a full-scale removal of  
19 behavioral advertising from the draft regulations  
20 reach. And it has completely eliminated the term  
21 "artificial intelligence" from the entire regulatory  
22 proposal, leaving it appropriately to the legislature  
23 to work on these challenging policy issues.

24 And now staff is still proposing an even  
25 narrower construction of these regulations.

1           For Option No. 1, I would actually prefer  
2   to back it up a year, that we make things go a little  
3   bit faster. I think a couple of years to do this, if  
4   you're a billion-plus company is plenty of time. And  
5   we've already been talking about this for three  
6   years. So that would be my suggestion, that we back  
7   it up a year. I think it can be done. We can always  
8   adjust these if we have to, but that's what my  
9   suggestion would be.

10           I'm all for negotiating a reasonable set  
11   of regulations. And I know we've met that test.  
12   This is definitely reasonable. And I just hope we  
13   haven't gone too far.

14           I say that, especially in light of the  
15   what's happening at the federal level. It's  
16   stunning. As the Chair has noted, it is completely  
17   stunning. We are all sitting here, and all the  
18   people who are remote, wondering the same thing. Is  
19   all that information that's being stolen and shared  
20   at the federal level in violation to existing federal  
21   laws?

22           Does it make all of our work now moot,  
23   because there's nothing but the sharing of our of our  
24   most sensitive personal information between all of  
25   these federal agencies? Where is it all going?



1           That's before we even talk about the cost  
2 of cybersecurity attacks that we know are coming, as  
3 our cybersecurity federal system has been completely  
4 dismantled.

5           California has been an international  
6 leader in privacy to date, thanks to the work of so  
7 many and, of course, this Board as well. And I know  
8 believe -- we certain -- I know we all believe we  
9 certainly should not stop that effort now.

10          Folks, we are absolutely in a data risk  
11 emergency, and ours is the one state agency in the  
12 entire country tasked with doing the best we can here  
13 in California to try to prevent this onslaught.

14          And so I want to congratulate this Board,  
15 each one of you who have done, I think, just really,  
16 truly, extraordinary work as well. And I'm prepared  
17 to support this proposal. I'd only ask that that we  
18 consider, as a board, backing up a year.

19          So with all of these narrowing amendments  
20 that we've done, I think it's entirely reasonable for  
21 us to expect that ramp-up in a little bit faster  
22 timeframe.

23          CHAIR URBAN: Thank you, Mr. Liebert.  
24 Other comments?

25          So we have a few things that we could do

1 procedurally if there are other comments on the round  
2 of discussion.

3 I did want to say something that I forgot  
4 to mention. Well, a few things, but I was trying  
5 to -- I got -- I was trying to be brief.

6 One is the relationship of the current  
7 draft regulations to the legislature's activity,  
8 which I think Ms. Mahoney's presentation earlier was  
9 extremely helpful in, again, kind of getting a sense  
10 of a snapshot of the legislature's activity in this  
11 area right now.

12 And I really appreciate that the  
13 legislature -- you know, in some places, I  
14 understand, you know, it's -- maybe it's a little  
15 messy. And, you know, maybe, they need to do some  
16 thinking about where they put certain  
17 responsibilities. Absolutely. But it is appropriate  
18 for the legislature to be addressing, sort of, things  
19 on a moment-to-moment basis. And with the regulation  
20 sort of streamlined and going a 120 miles-an-hour at  
21 this -- wow.

22 Is that AI?

23 MEMBER MACTAGGART: Sorry.

24 (Audio Interruption in proceedings.)

25 CHAIR URBAN: That's like the worst

1 example of hearing your own voice, having it echo. I  
2 don't sound like that, please.

3 Anyway, that the Agency has a baseline  
4 version of what we are required to do in our statute  
5 that, again, we can amend in response to what the  
6 legislature is doing.

7 But at this point, it is very much, sort  
8 of, a foundation and the legislature is moving beyond  
9 that, it sounds like, in a number of significant  
10 respects. So I think that is -- I think that is an  
11 auspicious place to be, and I appreciate the  
12 thoughtful work to do it.

13 I did want to say a word about the  
14 pre-use notices being explicitly allowed to be  
15 included in the notice of collection. I read the  
16 regulations as -- the draft regulations as they were,  
17 to allow that before. Making it explicit is, sort  
18 of, fine with me. But I wanted to point out that we  
19 removed behavioral advertising as a threshold last  
20 time. And the most compelling version of the concern  
21 I heard about pre-use notices, at that time, related  
22 to that particular use -- and I -- so, I just want to  
23 voice, not exactly a concern, but an observation,  
24 that it will be important, should companies choose  
25 to embed a pre-use notice within their notice at

1 collection, that it is truly available to the  
2 consumer; that they truly understand the proposal to  
3 use automate decisionmaking technology. That it  
4 exists, what it's for, and that they have those  
5 rights of access.

6 It is important, you know, to be sure,  
7 as Mr. MacTaggart described, you know, really  
8 eloquently, you don't want to have -- I don't  
9 remember if you used the word proliferation, but you  
10 don't want to have a proliferation of notices flying  
11 around your head, and you can't really -- you also  
12 don't want important stuff to be buried in a bunch of  
13 texts that you can't really follow.

14 And so I would certainly value public  
15 comment, sort of, guidance on, I don't know,  
16 comments, or background information the Board could  
17 provide on that. Thank you.

18 So I know that staff were hoping to be  
19 able to respond to some of the questions about  
20 costing out the various timelines. We now also have  
21 on the table, Mr. Liebert's potential holdback by a  
22 year.

23 Mr. Liebert, are you comfortable asking  
24 staff if they have cost for that?

25 MEMBER LIEBERT: (Indiscernible.)

1 CHAIR URBAN: Yeah. And if you don't,  
2 I -- okay. Okay. Sorry.

3 MR. LAIRD: We're not prepared for that  
4 today.

5 CHAIR URBAN: That was an item here.

6 MEMBER MACTAGGART: Madam Chair, can I  
7 ask Mr. Liebert a question?

8 So are you talking then of only of  
9 pulling back the 1 billion, having a -- still having  
10 a threshold between 1 billion and a 100 million? So  
11 1 billion would --

12 MEMBER LIEBERT: Yeah.

13 MEMBER MACTAGGART: So 1 billion would be  
14 2027?

15 MEMBER LIEBERT: Right.

16 MEMBER MACTAGGART: And then a 100 to 1  
17 will be 2028?

18 MEMBER LIEBERT: Yeah.

19 CHAIR URBAN: Okay. So we may not be  
20 able to get an estimate exactly on that. But we can  
21 expect that that particular cost profile will go up,  
22 and the cost profile that, on the other side that I  
23 mentioned, that hasn't been costed out exactly and  
24 probably can't be, will go down. But we don't know  
25 precisely the magnitude.

1 MS. KIM: So I just wanted to comment on  
2 that. Just to reaffirm that, yes, with the pushing  
3 out of the direct costs to the business, there is a  
4 delay in the benefits, especially the quantifiable  
5 benefit when it comes to cybersecurity crime. I  
6 think we have some preliminary ideas about how it may  
7 go down, but I need to double check and see if  
8 that's --

9 CHAIR URBAN: I really -- and, on that  
10 point, I wasn't asking for numbers that I know are  
11 very difficult to produce. I just wanted to be sure  
12 that people kept in mind that the math here is  
13 incomplete.

14 And it is incomplete in ways that may not  
15 be expected if you're not the folks who think about  
16 this every day within a company, for example,  
17 which -- sorry, one last thing is I'm okay with  
18 changing the Board notification provision or the  
19 Board, sort of -- I will say that I think that is a  
20 valuable provision. I.

21 Also -- I understand the objections to  
22 it by businesses, but one of the big issues with  
23 cybersecurity has been that it was really hard to get  
24 C-suite's attention because of the fact that it  
25 lives -- tends to live in the IT department. And

1 when you get to the C-suite, you don't have anybody  
2 who understands it very well. That's not true  
3 anymore, I don't think. But they would think of it  
4 as a costs center and -- you know, you kind of want  
5 your board to know if there's a big old risk hanging  
6 out there, you know.

7 So I think there was real substantive  
8 value in that, but to ease implementation for  
9 businesses and to -- and to be sure that we are --  
10 you know, driving. We have we have a sports car.  
11 I'm happy to go ahead and support that. All right.

12 So given that staff need --

13 Yes, Mr. Liebert?

14 MEMBER LIEBERT: I just wanted to say how  
15 helpful it was for you to mention about impacts on  
16 consumers about cyber attacks. We've all gotten  
17 these letters of the data breaches, but we know  
18 nothing about what that really means for us; right?  
19 It's very difficult for us to ever quantify in any  
20 way what does that harm mean with our information out  
21 there in so many ways? And you get that notice  
22 about -- that your names just been found, or your  
23 e-mails been found on the dark web? Most people  
24 don't know what the dark web is. I understand that.

25 So I would like to encourage that when we

1 have these conversations, that we think about those  
2 costs as well in a more direct way than, frankly, we  
3 have staff at this level. We tend not to talk about  
4 that. We just focus on what are the costs per  
5 business? As I understand it, under the current  
6 Option 1, it probably is somewhere -- and maybe you  
7 can help me, Ms. Kim, on this. But somewhere in the  
8 number of maybe \$20,000 per business to comply with  
9 the cyber audit requirements. Is it something like  
10 that? Maybe Phil --

11 MR. LAIRD: I might jump into -- just, I  
12 think, you know, the -- I think that understates  
13 probably this SRIA which really tried to identify a  
14 range of possibilities.

15 MEMBER LIEBERT: All right. What would  
16 it look like?

17 MR. LAIRD: But if you're doing simple  
18 math of this many businesses and this is the cost --

19 MEMBER LIEBERT: Yep.

20 MR. LAIRD: -- you're not wrong, that  
21 it's --

22 MEMBER LIEBERT: Somewhere in that  
23 neighborhood -- 20, 30, whatever that would be, which  
24 is less than a lot of employee costs per year to try  
25 to address these concerns. So I only say that,



1 because I think it would be very, very helpful for us  
2 to have that component in our conversations too,  
3 about the impacts on consumers.

4 CHAIR URBAN: Because so much of the  
5 cybersecurity infrastructure is -- and for important  
6 reasons; right? We have a private infrastructure  
7 that's distributed across private entities, and that  
8 is incredibly valuable and important for the market,  
9 and frankly, for democracy to have that kind of  
10 construction.

11 I'm editorializing a little bit here.

12 But it does -- there is a lot of weight  
13 on businesses' shoulders. And one of the things that  
14 is the case is that, especially until recently -- and  
15 now, again, I suppose, a lot of the reporting and  
16 estimates on costs and things come from respected  
17 private parties.

18 So, Verizon does a report every year.  
19 Mandiant does a report. IBM and Putnam submit  
20 together, do a report. And IBM and Putnam's estimate  
21 for what the cost to a company of a data breach is,  
22 on average last year? 4.8 million -- \$4.88 million  
23 was the cost of a data breach, if that's helpful.

24 Okay. So, I know you all have agreed to  
25 do some more homework for us. Thank you very much.

1 I suggest that if people are amenable,  
2 that we take lunch.

3 Yeah, sure.

4 MEMBER MACTAGGART: One more question for  
5 Mr. Liebert.

6 Your desire to move it back earlier,  
7 your -- it's just with respect to the cybersecurity;  
8 is that correct?

9 MEMBER LIEBERT: Yes. And I'm open, by  
10 the way, to answer your question. If the Board  
11 doesn't want to do this, and I totally can  
12 understand. I'm open to that persuasion. I just am  
13 concerned that we've been at this for a long time.  
14 We've got a pretty long ramp-up under this scenario.  
15 And certainly for the very, very, very large  
16 companies, you know, this doesn't seem like it would  
17 be too onerous. But I would certainly defer to the  
18 Board in that ultimate decision.

19 CHAIR URBAN: Thank you, Mr. Liebert.

20 Mr. Worthe?

21 MEMBER WORTHE: I think the fact that  
22 you're proposing to advance backwards or forwards --  
23 advanced backwards Option 2, it effectively gets us  
24 to Option 1, other than the companies that are over a  
25 \$1 billion. They're the only ones really impacted by

1 coming one year earlier. So I wanted to -- I didn't  
2 want to go to Option 2 anyway. So, you're basically  
3 getting back close to where I wanted to be, so I'm  
4 supportive of it.

5 CHAIR URBAN: Okay. All right. Let's go  
6 ahead and take lunch. And I am actually so sorry.  
7 Pause. Don't leave, everybody on the on the public  
8 meeting on Zoom. I apologize. I misspoke, because I  
9 first need to call the -- we -- sorry. I first need  
10 to set aside this agenda item for the moment. We  
11 will recall it imminently when we come back from  
12 lunch. But we do have a closed-session agenda item  
13 with a number of aspects to it and has been -- as has  
14 been our practice, we will take that up during lunch.

15 So I will now call up and open the  
16 closed-session agenda items, which include personnel  
17 matters under authority of Government Code  
18 Section 11126(a)(1), and administrative enforcement  
19 matters, which is pursuant to Government Code  
20 Section 11126(c)(3), which authorizes discussion and  
21 deliberation on these matters.

22 And finally, pursuant to the Government  
23 Code Section 11126(e)(1) and (2)(a), the Board will  
24 confer and receive advice from legal counsel  
25 regarding litigation for which disclosing the names

1 would jeopardize the Agency's ability to conclude  
2 existing settlement negotiations to its advantage.

3 I anticipate that we will be back by  
4 around 1:30, but I'm going to just say that we won't  
5 be back until 1:30 in order to allow everybody who's  
6 here from the public, and also staff, to know that  
7 the Board's not going to get started again before  
8 that window closes so that people can make their  
9 plans for lunch, or whatever they need to do.

10 Thank you. With that, the Board will go  
11 into closed session.

12 +(Whereupon, the Board entered  
13 a closed session.)

14 CHAIR URBAN: Welcome back, everyone.  
15 The Board has now returned from closed session on  
16 Thursday, May 1st at 2:06 p.m.

17 And I'm going to recall to the discussion  
18 Agenda Item No. 4, which is Discussion in Possible  
19 Action on Proposed Regulations Regarding Automated  
20 Decision Making Technology Risk Assessments,  
21 cybersecurity Audits, Insurance, and Updates to  
22 Existing Regulations, including possible modification  
23 of the Text.

24 Welcome back, everyone. So, when we went  
25 into closed session, as I understand it, we had had

1 board members ask question and offer comments, at  
2 least in a first round.

3 And Staff, we're planning to take a quick  
4 look at some of the questions that we asked them,  
5 especially with regards to the cost differentials for  
6 different delay of implementation timelines for the  
7 cybersecurity audit regulations.

8 I think that Mr. Liebert has a question.  
9 Would you like to ask it before you start?

10 MEMBER LIEBERT: Sure. Absolutely.  
11 Thank you.

12 Maybe it's a two-prong question. The  
13 first was, as you know, I raised the possibility of  
14 moving things up by a year, so there was a -- excuse  
15 me, a question regarding cost implications of that.

16 And then the second, which I'm adding  
17 now, is, as anxious as I think we are to kind of get  
18 things moving so we can get these protections in  
19 place, is just how viable that is with the rulemaking  
20 process, the process itself.

21 So I'm wondering if it's realistic to  
22 think about doing that in the context of things that  
23 might happen along our journey now that might be  
24 potential impediments as well, not giving businesses  
25 enough time to adjust, if you will. So I wanted to

1 throw both of those out, please.

2 MR. LAIRD: Hello. Testing. All right.  
3 There we go.

4 Yes. So, happy to respond to that.

5 You know, as we understood the proposal,  
6 it was essentially to take Option 2 and bump it up a  
7 year for all categories of when you would begin doing  
8 your cybersecurity audit. Which would mean the first  
9 cohort, the 1 billion and over group, would have to  
10 complete their first cybersecurity audits by  
11 January 1, 2027.

12 So with that in mind, in terms of -- what  
13 I can do is map out best and worst case scenario in  
14 terms of the speed at which we might have regulations  
15 in effect here in California.

16 If the Board were to move on to a  
17 timeline where we go out for public comment after  
18 today, we come back in July, and the Board decides  
19 actually, we nailed it. You know, these regulations  
20 are the one we want to adopt, and then we submit to  
21 the Office of Administrative Law at that point and  
22 they are approved. It means these regulations could  
23 be in effect as far as early as mid fall.  
24 Essentially, I'd say around September, October. But  
25 that's one scenario.

1           If, for instance, the Board determines  
2 another round of modifications are needed or, sort  
3 of, other issues come up that delay, sort of, final  
4 adoption and submission of these until later in the  
5 fall, then we would end up in a situation where  
6 potentially we're getting a decision by -- from OAL  
7 at the very end of the year.

8           And then, as was alluded to earlier, if  
9 that decision were disapproval, then we'd have a  
10 120 days to cure. And I know that sounds like a lot,  
11 but knowing the Board would need to approve the  
12 modifications on the front end before we go out to  
13 public comment, and then we need to come back having  
14 considered those new comments and adopt them --  
15 readopt, essentially, any modifications made to those  
16 regulations.

17           You know, I think we're looking as late  
18 as April 2026, essentially. Meaning that's about  
19 eight months before then that first cohort of a  
20 \$1 billion or over businesses would be required to  
21 complete those cybersecurity audits.

22           One more thing I'll mention is, then, an  
23 option in terms of how we would construct that is we  
24 could either say the effective date of when your  
25 audit needs to harken back to could be the effective

1 date of the regulations; right? So instead of making  
2 it a whole year, it would be maybe the eight-month  
3 spread between April 2026 and the end of the year.  
4 Technically, you could also still have it apply for  
5 the whole year. So there'd be some options.

6 But this is all to say to -- I think to  
7 the point you're asking, Mr. Liebert, is the amount  
8 of advanced notice that businesses will have will  
9 depend a little bit on how quickly we do have final  
10 adopted regulations that have been approved.

11 MEMBER LIEBERT: So it could be as short  
12 as in the worst case scenario that you've outlined,  
13 although in the chart it says April 1st; right? Or  
14 are we talking January 1st?

15 MR. LAIRD: Oh, yes. Yeah.

16 MEMBER LIEBERT: So under that  
17 scenario -- under the worst case scenario, it would  
18 still be about a year if they were in place by the  
19 April of the preceding year?

20 MR. LAIRD: That's the deadline for when  
21 they have to report back to the agency that they  
22 completed the audit, but that is correct.

23 MEMBER LIEBERT: So it'd be about a year?

24 MR. LAIRD: Yeah.

25 MEMBER LIEBERT: Okay. Okay. Thanks



1 very much.

2 And then, I guess I should go to that  
3 second question.

4 CHAIR URBAN: Actually, Ms. Anderson, did  
5 you have additional information, or did I misread  
6 the -- I was leaning towards the microphone lately.

7 MS. ANDERSON: (Indiscernible) to the  
8 point of the audit period is generally from January  
9 to January. And then there's three months after that  
10 audit period concludes for the business to be able to  
11 complete its report of the audit.

12 So that's the April -- the difference  
13 between the January and April 1st is just the time to  
14 actually complete the report itself. But the audit  
15 period, what Phil was mentioning, it could either be  
16 from January to January. Or if the regs didn't go  
17 into effect until later than that, the audit period  
18 could be shortened and they would still have the  
19 amount of time to complete the audit report.

20 MEMBER LIEBERT: I'm very bad at math.  
21 If what I think you're saying is -- yeah, I think  
22 what you're saying is that it could actually be a  
23 year and three months then; right? It just depends.  
24 It just depends.

25 MR. LAIRD: Perhaps the point made is

1 when you do audit, the audit looks at a specific  
2 period of time. So if the period of time that the  
3 business is auditing went beyond when these  
4 regulations went into effect, I think that's actually  
5 fair game and on the table for the -- for this Board  
6 to consider. But I also think there could be an  
7 option to limit that initial scope, basically saying  
8 from the date the (indiscernible) pass to the end of  
9 the year is the audit term, and then the audit report  
10 reflects that.

11 MEMBER LIEBERT: So they'd still have,  
12 under that scenario, Phil, a potential year to do it?

13 MR. LAIRD: Yes.

14 MEMBER LIEBERT: Got it.

15 CHAIR URBAN: I would point out another  
16 piece of nuance, which, given how long we've been at  
17 this, is not so much nuance anymore, which is that  
18 there has been a lot of notice of these regulations,  
19 and there will be a lot of notice while the Board  
20 continues to deliberate and we wait for OAL to act.  
21 So I think that's also just, you know, a realistic  
22 fact to note.

23 Mr. Worthe?

24 MEMBER WORTHE: So I think I withdraw my  
25 support for your idea, and I go back to Option 1 for

1 this reason: April 27th is your audit due date for  
2 the calendar year 2026. You can't go get an auditor  
3 on board without a scope. I mean, unfortunately,  
4 that's just their world. Exactly what do I have to  
5 do?

6 So until we have everything finalized,  
7 could you actually go for an RFP to get somebody on  
8 board? So I'm back to the 20 -- you know, would be  
9 2028 versus 2027. That's my feeling.

10 MEMBER LIEBERT: I think I've been  
11 convinced as well. That's why I asked the question;  
12 right?

13 CHAIR URBAN: Yeah. Yeah. That's also a  
14 very good practical point. How are you going to bid  
15 if you're -- if you're going out for a contract?

16 Great. Okay. You've already wowed us.  
17 So I won't put any pressure on you to wow us again,  
18 with like how well you've managed to answer this  
19 question in an hour. But please, go ahead.

20 MS. KIM: Well, I think a lot of the  
21 questions had to do with the economic assessment, and  
22 just like the shifting of times and dates given that  
23 there's no longer just like -- I won't belabor the  
24 point about Mr. Liebert's options.

25 But I did want to point out with regard

1 to the total cost over ten years for Option 1 versus  
2 Option 2, it's actually a very minimal amount of  
3 difference. Option 1 would be 5.1 -- let me see,  
4 five, yeah. 5.1 billion over the course of ten years  
5 as opposed to Option 2, which would be 4.9 billion.  
6 So it's -- over the course of many years that's not  
7 that significant, according to our economists. I can  
8 say that.

9 And just to put it in light of what the  
10 original costs were for cybersecurity, it was 9.7.  
11 So, there's already a significant drop down.

12 Also with regard to, you know, giving  
13 some fee -- answering the question of what the cost  
14 of the cybersecurity audit is per firm, it varies  
15 depending on the size of the entity.

16 And this is because of the assumptions  
17 that the economists made with regard to, if you're  
18 a larger company, you have a more extensive  
19 cybersecurity program, and you're more likely to use  
20 outside auditors to audit your cybersecurity program.  
21 Which is, if you're making over 1 billion the  
22 assumption is that you're going to go for the  
23 higher-end auditors.

24 While, if you're in the 100 million to  
25 1 billion, less. And so with that calculation, I

1 think the estimated costs per firm, for those  
2 entities that are under a \$100 million is around  
3 \$29,000. And then for that middle range of a  
4 100 million to 1 billion, it's 78,750. And then with  
5 regard to those firms that are larger than a  
6 1 billion in revenue, that's a \$190,000. That's the  
7 estimates that our economists have at this point.

8 Then, also I want to make the point of  
9 the benefits in our SRIA. We do have a portion of  
10 our benefits section that talks about quantifiable  
11 benefits related to the reduction in risk of cyber  
12 crimes. That has been calculated with regard to our  
13 risk assessments and cybersecurity audits as being of  
14 12.6% reduction of cyber crimes. And that estimates  
15 to be approximately 1.5 billion in 2027;  
16 66.3 billion in 2036.

17 But with the delay, it would be --  
18 basically the calculation would be 12.6% reduction --  
19 percentage reduction per firm delayed by that year.

20 So, for one example, if we went with  
21 Option 1 in the first year, the reduction and  
22 benefits, and this is not accounting for present  
23 value or any of that stuff, would be 26.8% less.

24 And then the second year, it would be  
25 68.2% -- 68.28 -- 68%, and then it wouldn't be until

1 year three that you would see that 100% of the  
2 benefits.

3 With regard to Option 2, in that first  
4 year of benefits, you'd only see 2.24%, you know,  
5 reduction in cybersecurity crimes, and then 26, and  
6 then 68, and then 100%. So there is a significant  
7 delay depending on how you phase out these benefits.

8 That is what I have for right now. I'm  
9 happy to answer any additional questions to the  
10 extent I can.

11 CHAIR URBAN: Thank you.

12 That seemed very clear to me, but I did  
13 not ask the question. So I am looking at those who  
14 did.

15 Yes. Mr. MacTaggart.

16 MEMBER MACTAGGART: You know, I think  
17 there's probably not a lot of appetite on the Board  
18 here for this.

19 I just think that probably, if I look at  
20 the benefits and the cost, it just strikes me as  
21 probably most of the cost and benefits are in the  
22 bigger companies and the -- you know, the problem I  
23 just have -- I guess I should always remind myself  
24 that there's that threshold for data broker, but it  
25 less than \$50 million, it's \$30,000 a company.

1 That's a lot of money, you know?

2 So, I'm thinking if that got delayed a  
3 year, it might not hurt privacy so much. But at the  
4 same time, I'm not sure if people are really going  
5 to --

6 CHAIR URBAN: Yeah, I mean -- so, a  
7 couple of things. One, is there are multiple  
8 thresholds that, again, reduce the number of  
9 businesses affected.

10 Number two, it is an ecosystem, and we  
11 are already not capturing a lot of the vectors with  
12 across whom these threats come, a lot of the vectors.  
13 It's just a very difficult problem to solve. And I  
14 think this is a good start. The businesses that can  
15 absorb this easily have an incentive, indeed, a  
16 requirement to audit their practices in a  
17 rationalized fashion. And it's a good -- it's a  
18 start. It's a good start.

19 Okay. Wonderful.

20 So there will be opportunity if folks  
21 have additional, sort of, items that occur or things  
22 that occur to them. But at the moment, I will review  
23 the possible motion that I intend to request after  
24 public comments, which would be to direct staff to  
25 take the -- all steps necessary to prepare and notice

1 modifications to the text of the proposed regulations  
2 for an additional 15-day comment period. The  
3 modification shall reflect the changes proposed by  
4 staff and the written media materials, except staff  
5 shall further modify the text in line with today's  
6 discussion to be aligned with any revisions from  
7 today's discussion.

8 I think we had mostly questions rather  
9 than specific revisions, but we did -- I think I  
10 heard mostly consensus on Option 1 on the timeline  
11 for the cybersecurity regulations. I also note that  
12 the Board has been discussing the actual number of  
13 days in the legally mandated 15-day, and so -- but I  
14 think that we could return to that to if we have  
15 additional guidance for the Board after we have  
16 public comment. If Mr. Laird tells me that's okay.

17 MR. LAIRD: Yes, that's perfectly fine.  
18 My only thought is before we wrap this up at some  
19 point today, we might want a little bit more clarity  
20 on the issues brought up -- on just what the  
21 expectation is and how we're going to notice the  
22 text. But I can address that after public comment.  
23 That might better inform those final decisions.

24 CHAIR URBAN: Sure. Or we could do it  
25 now.



1           MR. LAIRD: Essentially, I think there  
2 was a few issues raised specifically in terms of  
3 potential revisions for -- to be considered for  
4 modifications. I do think I also heard, at times,  
5 the Board thinking we start with this here public  
6 comment and then come back to those same issues. So  
7 I -- we're happy to defer to either approach. But is  
8 there something --

9           CHAIR URBAN: Yes. My apologies if I  
10 got that wrong. I was operating on the second  
11 assumption. And indeed, after public comment was  
12 going to -- or I guess I could say that I understand  
13 that there are some questions on the table that we  
14 would -- we value all public comment, but we would  
15 particularly value public comments in. For example,  
16 the question of ensuring, once, you know, the public  
17 will understand what the purpose of that is, and  
18 we'll get some comments on that.

19           Hopefully, I assume, Staff will work to  
20 clarify the language around profiling, in line with  
21 Mr. MacTaggart's comments. And then we'll get  
22 comments on that. Or we could just -- you know, we  
23 could get comments on it.

24           I don't feel strongly about it, other  
25 than I think that some of these items would benefit

1 from staff having time to just, sort of, think it  
2 through.

3 But I should -- I should make sure,  
4 Mr. MacTaggart, I'm not rolling over your thinking.

5 MEMBER MACTAGGART: No. I had a nice  
6 chat with Ms. Anderson and Ms. Shaikh over the break.  
7 And I think that -- I think we all kind of understand  
8 what we're kind of trying to head. And they were  
9 gracious enough to not completely mock my comment  
10 with respect to profiling. So, I think they're going  
11 to look at it, and we all want to cover what should  
12 be covered, and not cover what shouldn't be covered.

13 CHAIR URBAN: Okay. Great. We do have  
14 some softness on what the Board thinks should be  
15 covered, but those were all "may" items, so...

16 MR. LAIRD: Okay. Okay. That's great.  
17 Thank you.

18 So, just to clarify -- because, as you  
19 can imagine, as much as we can nail down now, is that  
20 it will leave open the option in July that this Board  
21 actually adopt this version of these regulations  
22 if -- if you feel convinced that we've struck the  
23 right balance. And I just want to confirm, does  
24 staff have flexibility to notice modify --  
25 modifications that include some (indiscernible.)

1 CHAIR URBAN: Oh, I thought so.

2 MR. LAIRD: Okay. Great.

3 CHAIR URBAN: That meant to be -- I meant  
4 that to be built into the motion.

5 MR. LAIRD: Perfect. Okay. I just  
6 wanted to make sure it was abundantly clear on that.  
7 Okay. Fully understand now.

8 CHAIR URBAN: Yes. Prepare and notice  
9 modifications to the text.

10 MR. LAIRD: Great. Thank you. Okay.

11 CHAIR URBAN: Wonderful.

12 Ms. Marzion, is there public comment?

13 MS. MARZION: Agenda Item No. 4,  
14 Discussion and Possible Action on Proposed  
15 Regulations Regarding Automated Decision Making,  
16 Technology, Risk Assessment, cybersecurity Audits,  
17 Insurance, and Updates to Existing Regulations,  
18 Including Possible Modification of Text.

19 If you'd like to make a public comment  
20 at this time, please raise your hand using the  
21 raise-hand feature or by pressing Star 9 if you're  
22 joining us by phone. Again. This is for Agenda Item  
23 No. 4.

24 It looks like we have some comments in  
25 the room.

1 MR. THOMAS: First, good afternoon --  
2 good afternoon, members of the Board. I was just in  
3 the neighborhood. I thought I'd just drop by and see  
4 how you guys are doing.

5 CHAIR URBAN: Thank you for coming.

6 MR. THOMAS: Not a problem.

7 CHAIR URBAN: We are delighted to see  
8 you.

9 MR. THOMAS: Of course. Yeah. I'm  
10 P. Anthony Thomas. I'm the managing director for  
11 the Thomas Advocacy Group. And let me just say that  
12 I've been to a few of your meetings, members of the  
13 Board and Staff, and it is an awesome responsibility  
14 to capture privacy protection in and of itself.

15 And, of course, all you have to do is  
16 attend one of these meetings to find out and your  
17 head will be spinning. So I have plenty of Excedrin  
18 for you guys just in case.

19 Anyway, but the reason I'm here, members  
20 of the Board, is that it has to do with the concern  
21 about the economic impact to small businesses. And I  
22 know that you deliberate, you do the best that you  
23 can in every way that you can to make sure that is --  
24 that those things don't impact small businesses too  
25 hardly. But I'm just here to reiterate that the

1 regulations to small and diverse businesses in the  
2 State since the beginning of this Board in this  
3 process cannot be ignored on what they do after you  
4 make your decisions.

5 As I said, in attending current and past  
6 board meetings, it could harm small businesses in the  
7 State of California. I believe the Governor even  
8 referenced something in his recent comments about the  
9 Agency regulations and possibly indicated this. I  
10 believe that Board Member MacTaggart has been saying  
11 this for some time. And capturing Prop 24 created  
12 the Agency to regulate privacy, not necessarily AI.

13 I'd have to give you compliments. In  
14 last month's meeting, the Agency considered several  
15 changes to the proposed regulations that are  
16 supportive of the new definition of automated  
17 decisionmaking and technology. Kudos to you guys and  
18 the work that you're doing in the removal of behavior  
19 advertising, ADMT, and risk management, of course.

20 Also if it hasn't been the request to  
21 remove AI, it should be. And this is probably where  
22 you get to the pushing and pulling of your  
23 discussions. But removing AI from this regulation,  
24 and finding a way to scale down the economic impact  
25 to small business, I think will be in the best

1 interest of all of us as Californians.

2 Again, Board Members, you have an awesome  
3 responsibility. I salute what you're doing, your  
4 staff, as a former staff member. And to you I say  
5 thank you, you guys. Thank you for my time today.

6 CHAIR URBAN: Thank you very much.

7 MS. KAISER: Hello, board members. Thank  
8 you so much for the opportunity to get public comment  
9 today.

10 I'm Dani Kando-Kaiser. My firm  
11 Kaiser Advocacy represents the Electronic Frontier  
12 Foundation, as well as Consumer Reports. I have two  
13 brief statements from both of them.

14 So Consumer Reports is a nonpartisan  
15 nonprofit with millions of members nationwide and  
16 more than 175,000 members in California alone. Every  
17 day Californians are being evaluated for rental  
18 units, mortgages, health services, job opportunities,  
19 and spots in top schools by automated decision  
20 systems. These predictive algorithmic systems may in  
21 practice function poorly. They may latch onto  
22 factors that tend to correlate with the desired  
23 outcome, but are not in fact important.

24 For example, a hiring algorithm may  
25 notice that in the past a company was more likely to

1 hire applicants with book shelves in the backgrounds  
2 of their video interviews. The algorithm may  
3 therefore rate candidates highly, in part, based on  
4 the presence of a bookshelf. This is a real example.  
5 AI hiring company Retorio was found to work precisely  
6 in that way.

7           Everyday Californians are completely in  
8 the dark for -- about their personal data and how  
9 it's being repurposed to make these decisions.  
10 Moreover, it's clear that the public wants companies  
11 to be required to explain how these systems work.

12           Nationally, representative surveys that  
13 Consumer Reports has commissioned show that a  
14 majority of Americans are uncomfortable with the use  
15 of AI or algorithms to help determine the exact kinds  
16 of decisions these rules would cover. Overwhelming  
17 majorities want to know specifically what information  
18 about them a system uses to make a decision, and that  
19 cuts across all demographics.

20           There is overwhelming public support for  
21 transparency and recourse when automated systems make  
22 important decisions about consumers. Because the new  
23 draft rules were only posted yesterday afternoon,  
24 we've not yet had an opportunity to go through with a  
25 thorough analysis. Still, it seems the Agency has

1 moved to weaken important definitions, like the  
2 definition of automated decision technology, among  
3 other significant changes.

4 We're also disappointed that the updated  
5 regulations remove the requirement for businesses to  
6 create an abridged version of the risk assessment  
7 that would make -- that was made publicly available.

8 Businesses' assessments of the tradeoff  
9 between the risks and the benefits of their  
10 processing of personal data should be public  
11 information that consumers can use to weigh their  
12 involvement with a given business. Under the current  
13 draft, instead, they'll be buried in a document that  
14 very few will ever see.

15 We fear these changes weaken the rules  
16 and push in the wrong direction. And we would ask  
17 the Board to reconsider and at least grant a 45-day  
18 period to review and comment on these significant  
19 changes in writing.

20 And again, just very briefly, on behalf  
21 of the Electronic Frontier Foundation, which is a  
22 nonprofit devoted to protecting civil liberties,  
23 including privacy and innovation, like many privacy  
24 advocates, we have considerable concerns about how  
25 these proposed rules narrow key protections.



1           While we have not had time, also EFF has  
2 not had time to evaluate all the alterations fully,  
3 changes to key definitions and requirements  
4 significantly reduced not only protections, but  
5 everyday consumers -- for everyday consumers, but  
6 also their ability to act in their own private  
7 interests.

8           California's voters created this Agency  
9 to protect their privacy. They understand how  
10 important and difficult it is for them in this moment  
11 to control how companies use their personal  
12 information.

13           They knew that they needed thoughtful  
14 rules crafted by the people who understand the  
15 landscape to help them do so. The latest draft of  
16 these regulations represent a significant retreat  
17 from this Agency's mission.

18           We understand the goal of ensuring  
19 regulation is not so onerous that it stifles  
20 innovation. However, we urge the Agency to stand  
21 strong against industry demands to hollow these  
22 regulations out, and first, uphold its central goal  
23 to protect California's privacy. Thank you so much.

24           CHAIR URBAN: Thank you so much. Thank  
25 you for joining us today.

1 Ms. Marzion, are there public comments  
2 online?

3 MS. MARZION: Yes. We have a few hands  
4 raised.

5 First, Edwin Lombard, I'm going to unmute  
6 you at this time. You'll have three minutes. Begin  
7 when you're ready.

8 MR. LOMBARD: Yes. Good afternoon,  
9 Madam Chairman, board members. My name is Edwin  
10 Lombard with ELM Strategies. Again, I'm here  
11 representing the California African American Chamber  
12 of Commerce, a number of ethnic and minority small  
13 business groups and local Chambers throughout the  
14 State.

15 As you're aware of for a couple of years  
16 now, the organizations that I've represented have  
17 been concerned about the economic impact of the CPPA  
18 regulations to small and diverse businesses in the  
19 State.

20 We have said all along that CPPA  
21 regulations could harm small, diverse businesses in  
22 California. And with that, I would like to repeat  
23 Governor Newsom's recent comments about CPPA  
24 regulations. And I quote, "enacting these  
25 regulations could create significant, unintended

1 consequences, and imposed subsequent -- substantial  
2 costs that threatened California's enduring dominance  
3 in technological innovations."

4 And I'd like to thank Board Member  
5 Alistair MacTaggart for his steadfast push to make  
6 sure that Proposition 24, which created the CPPA to  
7 regulate privacy and not AI, that he consistently  
8 speaks on this and works towards making sure that  
9 that happens.

10 And then at last month's CPPA hearing,  
11 you considered several changes to your proposed  
12 regulations, which we believe is a step in the right  
13 direction if adopted. And we are supportive of the  
14 new definition of automated decisionmaking technology  
15 and the removal of behavioral advertising for ADMT  
16 and risk management.

17 California's budget situation is  
18 precarious, adding billions of cost to small  
19 businesses and driving jobs out of the State is ill  
20 advised.

21 I would like you to take these thoughts  
22 into consideration. And I thank you. And we look  
23 forward to continuing working with you so that  
24 California's privacy regulations are reasonable and  
25 balanced as required under Prop 24. Thank you.

1 CHAIR URBAN: Thank you, Mr. Lombard.

2 MS. MARZION: Next we have Julian Cañete.

3 I'm going to unmute you at this time. You'll have  
4 three minutes. Please begin when you're ready.

5 MR. CAÑETE: Thank you. And good  
6 afternoon CPPA board members. Julian Cañete,  
7 president and CEO of the California Hispanic Chambers  
8 of Congress. And thank you for the opportunity this  
9 afternoon to address you.

10 The Chamber membership includes over a  
11 130 Hispanic and diverse Chambers of Commerce, and  
12 diverse business associations from throughout the  
13 state, representing the interest of over 950,000  
14 diverse small businesses.

15 On behalf of our membership, we  
16 appreciate CPPA's efforts to hear our concerns about  
17 the proposed regulations.

18 At last month's CPPA meeting, the Agency  
19 considered several changes to its proposed  
20 regulations, which we believe is a step in the right  
21 direction, if so adopted.

22 We are supportive of the new definition  
23 of automated decisionmaking technology and, of  
24 course, the removal of behavioral advertising from  
25 ADMT and risk assessment. However, we continue to

1 be concerned about the inclusion of AI in the  
2 regulations and the significant cost to small  
3 businesses. We agree with Board Member MacTaggart,  
4 Proposition 24 was -- created the CPPA to regulate  
5 privacy and not AI.

6 We would also like to reiterate, as  
7 others have, and echo Governor Newsom's recent  
8 admonition about the CPPA regulations. And that  
9 enacting these regulations could create significant  
10 unintended consequences and impose substantial costs  
11 that threatened California's enduring dominance in  
12 the technological innovation field.

13 In closing, we believe that the changes  
14 we are asking for, if so adopted, are steps in the  
15 right direction and will help minimize the impact to  
16 small businesses in California. Again, I appreciate  
17 your consideration of our testimony today, and thank  
18 you for the opportunity.

19 CHAIR URBAN: Thank you, Mr. Cañete.

20 I don't usually do this, but is it all  
21 right if I clarify? Thank you.

22 I feel a point of clarification is in  
23 order. Just so commenters know this, all references  
24 to artificial intelligence have been removed from  
25 this draft. They were removed following the Board's

1 conversation on April 4th when we decided to  
2 recommend that to staff. Thank you very much.

3 Ms. Marzion, are there further public  
4 comments online?

5 MS. MARZION: Yes, there are a few more.  
6 Swati Chintala, you'll have three minutes. Go ahead  
7 and begin when you were ready.

8 MS. CHINTALA: Good afternoon. My name  
9 is Swati Chintala, and I'm sharing these comments on  
10 behalf of Tech Equity.

11 We're deeply concerned that if the Board  
12 continues with this extremely narrow definition of  
13 ADMT's, an employer could self-certify itself out of  
14 coverage by claiming that a given automated system  
15 does not substantially replace human decisions.

16 The revised definition does not even  
17 require meaningful human involvement or review,  
18 giving a free pass to businesses that pressure  
19 workers to rubber stamp automated decisions. As the  
20 preliminary assessment shared today indicated, this  
21 narrowing would allow almost all companies to avoid  
22 the accountability that the CPPA was charged to  
23 develop through its regulations.

24 We're deeply concerned that a board  
25 mandated to regulate and protect the public would

1 enact rules based on pressure from the industry that  
2 they are regulating. That would exempt 90% of the  
3 industry organizations that represent the communities  
4 and workers directly impacted by the collection and  
5 use of personal data, who do not have the enormous  
6 resources available to companies and their  
7 associations, who have used everything at their  
8 disposal in an attempt to delay or outright stop this  
9 process.

10 We urge the Board to act today to address  
11 this huge imbalance and power and resources rather  
12 than put their thumb on the scale in favor of big  
13 business.

14 We have additional concerns about how the  
15 proposed regulations have been narrowed. However, a  
16 15-day comment period would be unreasonable to allow  
17 community organizations and workers to democratically  
18 contribute to this process. The Board should provide  
19 for a 30-day comment period, given the major changes  
20 that were shared just yesterday.

21 California has been leading the way on  
22 privacy protections, but if the Board chooses to  
23 significantly weaken these protections, you risk  
24 setting a lower bar and eroding workers and  
25 consumers' privacy and digital rights, not only in

1 California but also across the country.

2 There has been an effort to oppose nearly  
3 every proposal to set clear frameworks for the use of  
4 ADMT's in the California legislature, as well as  
5 other states. Importantly, this effort cannot be  
6 divorced from the regulatory effort we see playing  
7 out in Washington DC. The Agency has proper  
8 democratic authority to protect Californians from  
9 privacy harms. We urge the Board to use it.

10 Thank you to the CPPA director, staff,  
11 and the Board for your important work.

12 CHAIR URBAN: Thank you.

13 MS. MARZION: Cheryl Brownlee, I'm going  
14 to unmute you at this time. You'll have three  
15 minutes to make your comment. Go ahead and begin  
16 when you're ready.

17 MS. BROWNLEE: Good afternoon, CPPA board  
18 members. I'm Cheryl Brownlee, representing CP  
19 Communications and many women small business  
20 organizations.

21 The small business organizations I  
22 represent have been concerned about the economic  
23 impact of the CPPA regulations for the last few  
24 years. And we have demonstrated that by being at the  
25 hearings, if not in person, but via Zoom, which we



1 appreciate that you've afforded us that opportunity.

2 We have always expressed our concern that  
3 Proposition 24 created the CPPA to regulate privacy.

4 We thank you for removing the AI portion  
5 of this in the information and the clarification,  
6 Chairwoman, that you just recently made.

7 We believe the new definition of  
8 automatic -- automated decisionmaking technology,  
9 ADMT, and removal of behavioral advertising for ADMT  
10 and risk assessment discussed in last month's CPPA  
11 meeting is a step in the right direction. We are  
12 also concerned about the added extreme cost of doing  
13 business for small businesses here in California.  
14 And we feel that this could drive jobs out of  
15 California and is ill advised.

16 And as well, we agree with Governor  
17 Newsom's recent comments about CPPA regulations,  
18 and -- just as other of the people discussed earlier,  
19 his comment.

20 I thank you for allowing me to speak  
21 today and I appreciate it.

22 CHAIR URBAN: Thank you very much.

23 MS. MARZION: Kara Williams, I'm going to  
24 unmute you at this time. You'll have three minutes  
25 to make your comment. Go ahead and begin when you're

1 ready.

2 MS. WILLIAMS: Hello. My name is Kara  
3 Williams, and I'm a lawyer at the Electronic Privacy  
4 Information Center or EPIC. EPIC is an independent  
5 nonprofit focused on protecting privacy in the  
6 digital age.

7 Epic was very disappointed to see  
8 significant weakening in the latest draft regulations  
9 on ADMT's, risk assessments, and cybersecurity.  
10 Strong rules are essential to ensure that  
11 Californians are protected from the well documented  
12 harms to privacy and civil rights caused by the  
13 unchecked use of automated decisionmaking  
14 technologies. The original draft regulations would  
15 have been a significant step toward this goal, but  
16 with each new revision, and increase in pressure from  
17 the tech industry, the draft rules have become less  
18 and less protective for consumers.

19 The California Consumer Privacy Act and  
20 the voters have tasked this Agency with adopting  
21 regulations that would protect their right to  
22 privacy. And as the only dedicated privacy agency in  
23 the country, this body is in the best position to  
24 develop thoughtful, well-crafted rules that  
25 meaningfully protect privacy. Especially as the

1 increasing use of AI presents new and pressing harms.

2 Privacy harms include the harmful use of  
3 personal information and automated decisionmaking  
4 technologies. And the CCPA clearly authorizes the  
5 Agency to regulate ADMT's to protect California  
6 consumers.

7 EPIC urges the Agency to push back on  
8 industries attempts to weaken these regulations and  
9 instead restore the protections from earlier drafts  
10 to fulfill the Agency's mission to safeguard  
11 Californians privacy.

12 EPIC would also ask that the comment  
13 period be extended beyond 15 days to ensure we and  
14 other advocates can thoroughly review the numerous  
15 changes and provide comprehensive feedback to the  
16 agency.

17 Thank you for your time and  
18 consideration. And EPIC is happy to remain a  
19 resource for the agency.

20 CHAIR URBAN: Thank you.

21 MS. MARZION: Mark Jacobs. I'm going to  
22 unmute you at this time. You'll have three minutes  
23 to make your comment. Please begin as soon as you're  
24 ready.

25 Mark Jacobs, you are unmuted. Please

1 begin when you're ready.

2 MR. JACOBS: My apologies. Thank you  
3 very much for your time. I really appreciate it. My  
4 name is Mark Jacobs. I represent M&S Holdings, a  
5 consulting group, located here in Sacramento.

6 Many times we have said the CPPA  
7 regulations could harm small businesses and diverse  
8 businesses in California. We are deeply concerned  
9 about the economic impact that the regulations would  
10 have on these businesses. Proposition 24 created the  
11 CPPA to regulate privacy, not AI.

12 To that note, we agree that Governor  
13 Newsom's recent comments about the CPPA regulations  
14 and wishes you would take them into heart.

15 Quote, "enacting these regulations would  
16 create a significant unintended consequence and  
17 impose substantial costs and threatened California's  
18 enduring dominance in technological innovation."

19 We would -- we would also like to thank  
20 Board Member MacTaggart for his steadfast pursuit to  
21 see that Proposition 24 be regulated as designated.

22 We support -- we support the new  
23 definition of automated decisionmaking technology.  
24 But, however, the CPPA must remove AI from  
25 regulations to find a way to scale down the economic

1 impact of CPPA regulations to our businesses -- of  
2 which was earlier and that was greatly appreciated.

3 California's budget situation is  
4 precarious. Adding billions of dollars to the costs  
5 of businesses and driving jobs out of California is  
6 an ill-advised and inappropriate result.

7 Thank you very much for your time. And  
8 we look forward to continuing to work with CPPA in  
9 California privacy regulations to be reasonable and  
10 balanced, as required under proposition 24. Thank  
11 you for your time.

12 CHAIR URBAN: Thank you.

13 MS. MARZION: Brynne O'Neal, I'm going to  
14 unmute you at this time. You'll have three minutes.  
15 Go ahead and begin when you're ready.

16 MS. O'NEAL: Good afternoon. I'm Brynne  
17 O'Neal, regulatory policy specialist with the  
18 California Nurses Association, a labor union  
19 representing over a 100,000 registered nurses across  
20 the state.

21 We respectfully urge the Board and Agency  
22 to restore the regulatory draft from April and to  
23 strengthen it. As we have previously, CNA urges  
24 again today, the adoption of regulations that are  
25 broad in scope and broad in the tools provided to

1 workers, patients, and other consumers in the  
2 protection of their privacy.

3 In healthcare, ADMT enabled processes of  
4 surveillance, routinization, and interference with  
5 professional judgment of clinicians threatens the  
6 provision of safe therapeutic care.

7 Algorithmic technologies are making  
8 life-and-death decisions on healthcare and working  
9 conditions. They're impacting the lives and  
10 livelihood of millions of patients and workers every  
11 day. Patients and workers are in dire need of these  
12 regulatory guardrails.

13 It's important to reiterate that this  
14 Agency is lawfully mandated by the voters to issue  
15 regulations to protect consumer privacy, including  
16 worker privacy from harmful collection and use of  
17 their private data. It should be considered a  
18 failure of this mandate if CPPA regulations do not  
19 ensure that consumers and workers have the ability to  
20 understand when and how their private data is being  
21 collected or used, and importantly, to address any  
22 harmful collection or use of their data.

23 The original draft of these regulations  
24 would have taken important steps to meet this  
25 mandate. But the proposed modifications, so far as

1 we've been able to review them, reflects an undue  
2 desire to protect tech companies, deployers, and  
3 their business interests, rather than protecting  
4 workers, patients, and other consumers across  
5 California.

6 More specifically, we're deeply concerned  
7 about the changes to the definition of ADMT's to  
8 include only those that substantially replace human  
9 decisionmaking. This change allows employers and  
10 other corporations to easily opt themselves out from  
11 the rule's reach by simply claiming that an  
12 algorithmic tool is only advisory to human  
13 decisionmaking.

14 In practice, workers who use ADMT's  
15 often have no real choice, but to follow the  
16 recommendations of the tool for fear of employer  
17 retaliation. That this change would result in only  
18 10% of CPPA regulated businesses being subject to the  
19 rule, should be seen is a dereliction of this  
20 Agency's duty to protect worker and consumer privacy.

21 To close, California is the only  
22 jurisdiction in the country where workers have a  
23 right to privacy in the workplace. And it is  
24 profoundly important that this Agency and California  
25 lead the country and the protection of workers and

1 patients against harmful collection and use of their  
2 data through algorithmic technologies. Thank you.

3 CHAIR URBAN: Thank you.

4 MS. MARZION: Mishal Khan, I'm going to  
5 unmute you at this time. You'll have three minutes.  
6 Go ahead and begin when you're ready.

7 MS. KHAN: Good afternoon. My name is  
8 Mishal Khan, and I'm giving comment today on behalf  
9 of Annette Bernhardt, the Director of the Technology  
10 and Work Program at the UC Berkeley Labor Center,  
11 where I also work as a senior researcher.

12 Our program's goal is to provide the  
13 research and policy analysis that stakeholders need  
14 to ensure that AI and other digital technologies  
15 benefit and do not harm workers.

16 For union and nonunion workers alike, the  
17 emergence of AI and other data-driven technologies  
18 represents one of the most important issues that will  
19 shape the future of work in California for decades to  
20 come.

21 Employers in a wide range of industries  
22 are increasingly capturing, buying, and analyzing  
23 worker data, electronically monitoring workers, and  
24 using algorithmic management to make critical  
25 employment-related decisions.



1           And yet, California is the only place in  
2     the US where workers are starting to gain basic  
3     rights over their data and how employers use that  
4     data to make critical decisions about them. That is  
5     why labor groups and other worker advocates have  
6     invested significant time and effort to provide  
7     detailed and empirically based recommendations about  
8     how best to protect workers in the Agency's  
9     rulemaking on ADMT's and risk assessments.

10           My team and I have not had the chance to  
11    do a full and thorough analysis of the revised draft  
12    regulations. But based on our reading so far, we are  
13    very disappointed to see significant weakening in  
14    both the definitions and the substantive provisions.

15           In particular our concern is that the  
16    continued weakening of the ADMT definition will  
17    effectively allow employers to self-certify  
18    themselves out of coverage by the regulations.

19           As we and other advocates argued in our  
20    January 9th letter earlier this year to the Board and  
21    Agency staff, the California Consumer Privacy Act and  
22    the voters task this Agency was adopting regulations  
23    that would protect them from harms in the collection  
24    and use of their data.

25           As the only dedicated privacy agency in

1 the country, this body is in the best position to  
2 develop thoughtful, well-crafted rules that  
3 meaningfully protect consumers and workers,  
4 especially as AI is being increasingly used and  
5 presents new and pressing harms.

6 I respectfully urge the Agency to  
7 reconsider the current path towards weakening  
8 regulations and instead restore stronger protections  
9 from earlier drafts. Thank you for this opportunity  
10 to comment.

11 CHAIR URBAN: Thank you.

12 MS. MARZION: Fred Sotelo. I'm going to  
13 unmute you at this time. You'll have three minutes.  
14 Go ahead and begin when you're ready.

15 MR. SOTELO: Thank you so much. My name  
16 is Fred Sotelo. And I am a proud small business  
17 owner and a member of the California Hispanic Chamber  
18 of Commerce and founder of San Diego Latino  
19 Professionals.

20 Small businesses, like mine, face  
21 significant challenges when it comes to responding to  
22 burdensome regulations. Unlike larger corporations,  
23 we lack the resources, both financial and human, to  
24 navigate these complex regulatory landscapes.

25 This can lead to increased operational

1 costs, reduce our competitiveness, and even the risk  
2 of noncompliance. You know, we may struggle to  
3 allocate the funds for this compliance, auditing and  
4 the implement -- implementation to any changes that  
5 affect how we will use this technology. And it's  
6 really taxing on our limited budgets.

7 We understand and agree that regulation  
8 to protect consumers is first and foremost. As a  
9 small business owner, no one understands their  
10 consumers like we do. We touch them; we interact  
11 with them. We value our customers. I mean, every  
12 single day, they're our lifeline.

13 But we also would like to just convey at  
14 the committee, just take into consideration small  
15 businesses, like ourselves, when you're making final  
16 decisions. Because we aren't big business. And we  
17 just do not have the resources for burdensome  
18 regulations.

19 So, our hope is that as you create  
20 regulations, to protect those -- both, our customers  
21 are consumers. But you also find a medium that's  
22 going to also not hurt small business owners.

23 Thank you for your time. We appreciate  
24 you greatly.

25 CHAIR URBAN: Thank you.

1 MS. MARZION: Ronak Daylami, I'm going to  
2 unmute you at this time. You'll have three minutes.  
3 Go ahead and begin when you're ready.

4 MS. DAYLAMI: Thank you. Thank you,  
5 Chair Urban. Ronak Daylami, with Cal Chambers.

6 Since September 2023, we have spoken at  
7 every board meeting on largely the same overarching  
8 concerns on these draft regulations. But as  
9 routinely as we've raised these same issues, the  
10 April hearings are actually the first time since this  
11 process started and since we started testifying at  
12 board meetings, that we felt like the Agency started  
13 to hear us on at least one of our concerns.

14 We acknowledge that the modified draft  
15 released yesterday afternoon initiated important work  
16 in narrowing the regulations, especially in removing  
17 behavioral advertising, but also in removing AI and  
18 the training of ADMT. Initiated, but by no means  
19 completed.

20 Because we've had less than 24 hours to  
21 review the draft, we're still processing the impact  
22 of these modified regs. However, we did start to  
23 notice some improvement elsewhere, potentially  
24 significant in the cyber audit sections, as well  
25 around the very problematic board of director

1 certification requirements, which is a very important  
2 issue for our members.

3 At the same time, though, significant  
4 work is clearly still needed around other aspects of  
5 risk assessments and ADMT, as well.

6 On ADMT, we appreciate that this draft  
7 reflects the Board's decision from April to adopt  
8 Alternative 2, an effort to start to narrow and adopt  
9 a more streamlined and operable ADMT definition that  
10 focuses on technology used for decisions about a  
11 consumer, rather than the use of virtually all  
12 automated technology. However, Alternative 2 is  
13 still very problematic. And even if it causes less  
14 economic devastation than before, it still causes  
15 devastation.

16 As such, in addition to other changes  
17 outlined in our letter on opt-out and pre-and  
18 post-use notice provisions, we do continue to urge  
19 you to adopt Alternative 3 instead, as it does  
20 fulfill the Agency's mandate. And it best sets a  
21 clear standard that focuses on technology that meets  
22 three critical elements, that most other privacy  
23 frameworks that have ADMT provisions also limit  
24 application to tools that process PI with specific  
25 heightened privacy risks, lack any human involvement,

1 and make legal or similarly significant decisions.

2 This shift would be more consistent with  
3 the governor's directive in his recent letter, where  
4 he urged narrowing the scope of ADMT regulations and  
5 emphasized regulating responsibly to avoid unintended  
6 consequences and substantial costs that threaten  
7 California's dominance in technological innovation.

8 We also argue that the 62% drop in  
9 projected economic costs both warrants verification  
10 with a full economic analysis, and clearly indicates  
11 that the nature and importance of these changes and  
12 their potential impact on our economic stability and  
13 prosperity warrants at least a 45-day comment period.

14 Fifteen days is not enough time or always  
15 appropriate when dealing with such highly technical  
16 or complex rules. It's the statutory minimum.

17 We note that the Civil Rights Counsel  
18 recently provided 30 days for modified ADS  
19 regulations that reflected a fraction of the scope,  
20 complexity, and length of these regulations that  
21 we're dealing with here.

22 Lastly, businesses need adequate time to  
23 come into compliance. We appreciate the delayed  
24 effective dates for ADMT requirements, as well as  
25 cyber audits and risk assessments.

1           We do hope that you will consider, at the  
2           very least, a January 1, 2027, date for any remaining  
3           provisions that lack a date certain for compliance.  
4           But we do still hope for a full 24 months to come  
5           into compliance with all regulations.

6           Thank you.

7           CHAIR URBAN: Thank you.

8           MS. MARZION: If there are any other  
9           members of the public who would like to speak at this  
10          time, raise your hand using Zoom's raise hand  
11          feature, or by pressing Star 6 if you're joining us  
12          by phone. Again, this is for Agenda Item No. 4.

13          Madam Chair, I'm not seeing any  
14          additional hands at this time.

15          CHAIR URBAN: Thank you very much,  
16          Ms. Marzion.

17          And my many thanks to the public  
18          commenters for their thoughts today.

19          So we do have a motion on the table. And  
20          I mentioned that we should return to a potential  
21          timeframe for public comments on this round, which  
22          the statutory minimum is 15 days. We have had some  
23          requests from the public to extend that, as well.

24          And I'm hoping that Mr. Laird can give  
25          us some information about -- or can give us some

1 information about the overall effect on the timeline  
2 of that. And I also would just emphasize to the  
3 public, as well, that as I understand it, we can  
4 always extend the deadline as we did in response to  
5 the wildfires if it seemed like it would be  
6 necessary. But obviously it would be better to just  
7 pick a timeframe and go with it.

8 MR. LAIRD: Yeah. From -- let's see.  
9 Can you hear me? Okay.

10 So, you know, as I think it's clear to  
11 everybody, statutory minimum is 15 days. Obviously,  
12 that's what the legislature contemplated when they  
13 developed the APA process here. But that said, we  
14 can do more. To Mr. Worthe's point, for anybody  
15 listening today, the text that made -- was made  
16 public yesterday is what we are really discussing  
17 going out for additional public comment for. So,  
18 considering folks have noticed, as of now, that this  
19 is what's being considered, I think from a processing  
20 staff -- from a staff standpoint, especially  
21 considering the Board is considering the next meeting  
22 in July on this topic, if we could conclude public  
23 comment by June 2nd, which is a Monday, that would be  
24 approximately 30 days from today.

25 Now, that said, I think it would -- we



1 would not be opening, formally, public comment until  
2 next week, but that would still be in excess of a  
3 21-day period and -- and something I think we could  
4 accommodate at the staff level.

5 MS. MARZION: Okay. I see some nods. Do  
6 folks think that seems reasonable?

7 CHAIR URBAN: Yes, I quite agree. I do.  
8 I do certainly appreciate commenters' notes that  
9 they -- they're currently still digesting the draft.  
10 So I appreciate staff's ability -- willingness, I  
11 would say, at a minimum, and obvious ability, given  
12 what you accomplished this past month. But we don't  
13 want to ask you to do that again to give people a  
14 little bit more time to digest.

15 All right. That makes perfect sense to  
16 me.

17 Are there any other further comments from  
18 the Board before I request the motion?

19 (No audible response.)

20 All right. Would you like me to restate  
21 the motion, or shall I just ask for a motion -- a  
22 motion, as stated?

23 (No audible response.)

24 CHAIR URBAN: Sure. Absolutely.

25 The motion is to direct staff to take all

1 steps necessary to prepare and notice modifications  
2 to the text of the proposed regulations for an  
3 additional --

4 MR. LAIRD: For a public comment period  
5 to close on June 2nd.

6 CHAIR URBAN: -- for a public comment  
7 period to close on June 2, 2025. The modification  
8 shall reflect the changes proposed by staff in the  
9 written meeting materials, except that staff will --  
10 shall further modify the text in line with today's  
11 discussion and the Board's discussion today.

12 Sorry. I've now mucked up my motion that  
13 I had so clean.

14 May I have that motion?

15 MEMBER WORTHE: So Moved.

16 CHAIR URBAN: Thank you.

17 May I have a second?

18 MEMBER MACTAGGART: Second.

19 CHAIR URBAN: I have a motion on the  
20 table by Mr. Worthe and a second from Mr. MacTaggart.

21 Ms. Marzion, would you please conduct the  
22 roll call vote?

23 MS. MARZION: Certainly.

24 Board Member Liebert?

25 MEMBER LIEBERT: Aye.

1 MS. MARZION: Board Member MacTaggart?

2 MEMBER MACTAGGART: Aye.

3 MS. MARZION: Board Member Nonnecke?

4 MEMBER NONNECKE: Aye.

5 MS. MARZION: Board Member Worthe?

6 MEMBER WORTHE: Aye.

7 MS. MARZION: Chair Urban?

8 CHAIR URBAN: Aye.

9 MS. MARZION: Madam Chair, you have five  
10 yeses.

11 CHAIR URBAN: Thank you very much. The  
12 motion carries with a vote from -- of 5 to 0.

13 Thank you again, very much, to the staff  
14 for the herculean effort and the really excellent  
15 advice that you have given us today. And I really --  
16 and I look forward to public comments on the modified  
17 text.

18 With that, we will move to Agenda Item  
19 No. 5, which is our Annual Public Affairs Update,  
20 held over from a previous meeting. And that will be  
21 presented by Ms. White. Materials for this are in  
22 your packet as well.

23 While we are changing the stage, we will  
24 take a five-minute break or so, so people can get a  
25 little bit of a pause.

1 (Whereupon, a short recess was taken.)

2 CHAIR URBAN: All right. All right.  
3 Wonderful. Thanks everybody for letting us take a  
4 quick break.

5 And let's proceed with Agenda Item No. 5,  
6 Annual Public Affairs Update. Always a highlight.  
7 And I've been really excited to see the various  
8 messages in lots of different channels over the  
9 course of last year. I'm excited to turn it over to  
10 our deputy director of public and external affairs,  
11 Ms. Megan White, to give us that update.

12 MS. WHITE: Wonderful. Thank you so  
13 much, Chair Urban and members of the Board. I'm just  
14 going to check back with our amazing moderator,  
15 Serena, and make sure that you can hear me well.  
16 Yes, Ms. Marzion? Thank you so much.

17 So, on behalf of the public affairs team,  
18 I am so pleased to present the Annual Public Affairs  
19 Update. So I'm going to start off by recapping the  
20 past 12 months. And then we'll take a look ahead at  
21 the rest of 2025 and moving into 2026.

22 Next slide, please.

23 Okay. So, let's take a look back, but at  
24 a very high level. And I will go into more details  
25 about every single one of these icons that you see in

1 future slides. But first, I just wanted to start  
2 with some big broad strokes of the highlights that  
3 we've accomplished over the past 12 months, since I  
4 last gave you an update.

5 First, and one that we're really excited  
6 about, and I know you all are as well. We launched  
7 our paid media campaign. The paid media campaign  
8 started in June of 2024, and it's running through the  
9 end of this fiscal year. Hopefully you've seen some  
10 of our ads in the wild. You've seen them on  
11 billboards, maybe online, maybe you heard them in the  
12 radio, and much more.

13 We're very excited about this statewide  
14 campaign and, of course, more to come, more details  
15 within this presentation, and more to come with our  
16 paid media campaign as well.

17 In addition, we've really strengthened  
18 our media relations. So, I truly believe that strong  
19 relationships with reporters is key. And we are so  
20 grateful to the reporters who cover the CPPA.

21 As I'm sure you all can guess, it's  
22 complex to cover us; right? I always wonder, how do  
23 they feel when they get our beat? It -- it's not the  
24 easiest one to cover. And their job is really  
25 important. Their job is fair coverage. And our job

1 is to be responsive and provide them the information  
2 they need, so they can write their stories.

3 In addition to really having strong  
4 relationships with existing reporters who cover us,  
5 we've also done a tremendous amount of outreach to  
6 immediate members of the media who don't regularly  
7 cover us. And we've really expanded our press  
8 distribution list. So, every time we put out a press  
9 release, more and more reporters are getting that  
10 information. And we want to just continue to grow  
11 our media relations.

12 I'm sure, as you all have also noticed,  
13 we've seen a big uptick in our coverage. And that's  
14 really thankful -- thanks to a lot of the media  
15 relations that we've been doing, and also more of the  
16 press releases we've been putting out.

17 And really that goes back to all the  
18 amazing work that everybody here at the Agency does.  
19 So we're excited to spread the word. Media relations  
20 is never ending. It's ongoing. So, every year  
21 you're going to hear me talk about it.

22 And going on to the next one, outreach.  
23 That's another one that is always ongoing. So, since  
24 my last presentation, I'm excited to share we have a  
25 huge change to our outreach. We actually have an

1 outreach team. So, we have two amazing team members,  
2 who have joined our public affairs division, outreach  
3 manager and outreach specialist. And they are  
4 starting to really lay the groundwork for our  
5 outreach campaign.

6 They developed an outreach plan. They've  
7 organized our whole system, in terms of garnering  
8 outreach. They've reached out to a lot of  
9 organizations. And I know you, maybe, have seen some  
10 of our staff members presenting at different  
11 conferences. That's all thanks to the hard work of  
12 the outreach team. They coordinate all those  
13 speaking engagements, do talking points, slide decks.  
14 So, they're really firing on all cylinders already.  
15 And I'm excited for what we're going to be reporting  
16 back to you a year from now.

17 But most important to me, those little  
18 icons right up there, fully staffed. There's five of  
19 us. So, maybe, one isn't as important to me, but the  
20 other four, I'm just so, so pleased and honored to  
21 get to work with these amazing talented people.

22 Last time I presented to you, Ms. Nicole  
23 Cameron was a part of my team. We were a team of  
24 two. And she's the communication manager. But since  
25 I presented to you in March, of course, I know you

1 all know Ms. Marzion. She joined our team in April  
2 of 2024.

3 In addition, Bryce Alvarez is our  
4 communications manager. He joined us in July of  
5 2024. And then our outreach specialist is Melissa  
6 Rosser. She joined us in August 2024.

7 So, really now, we are fully complete.  
8 We're fully staffed, and we're really ready to go and  
9 hit the ground running.

10 So, Ms. Marzion, can you -- thank you so  
11 much. So, hitting more deeply on the paid media  
12 campaign, we launched this campaign in June of 2024.  
13 And this phase of the campaign is going to wrap up in  
14 June of 2025. The goal of our campaign was general  
15 awareness of the Agency. And the call to action was,  
16 really, to get people to visit [privacy.ca.gov](https://privacy.ca.gov), our  
17 customer-centric website.

18 The campaign theme that we used is,  
19 "Exercise Your Rights." And we did this to remind  
20 Californians that they have rights, and that they  
21 need to exercise them.

22 As you may recall, we did a statewide  
23 survey in December of 2023, and we realized that most  
24 Californians weren't even aware that there's an  
25 agency out there to help them with their privacy



1 rights. And we understand, and I know you do as  
2 well, that you have to build trust to build  
3 awareness. So, as you saw through a lot of these  
4 campaigns, it was just a general awareness campaign.  
5 We want to get our name out there, and privacy rights  
6 in people's faces, and then also the privacy website.

7 I know everybody is very interested in  
8 the budget. So, I want to touch on the budget for  
9 this really quickly.

10 So, as a reminder, this whole campaign  
11 that we just did that we are currently in the process  
12 of -- that's going to end in June of this year, this  
13 is what, at previous board meetings, we've referred  
14 to as, Contract 1, of the media buy campaign.

15 It was executed via our public relations  
16 media and media by consultant census. And they also  
17 do the creative as well. The budget for this  
18 campaign was \$7.9 million. That money was mostly  
19 spent on media buys, but there was a small amount of  
20 it that was used for the creative development of the  
21 campaign.

22 But as I mentioned at my last  
23 presentation, a lot of the creative development was  
24 done in-house by Ms. Cameron. So, we were able to  
25 save some money there, and use a lot of it for the

1 media buy.

2 We also use this money from that contract  
3 to do that statewide survey that I mentioned earlier,  
4 along with an allocation for translation services.  
5 And in addition, they also helped with some event  
6 services.

7 So those stakeholder Sessions that we did  
8 in the spring of last year, we used the contract for  
9 that as well. And obviously, this was all in the  
10 contract. You know, there was an allocation for  
11 media buy and then some smaller allocations for these  
12 other things.

13 So this contract, Contract 1, is almost  
14 complete. That will be totally done in June when we  
15 do our final media buys. There's nothing -- they're  
16 just implementing our media buy plan. So we just  
17 have a little bit left for that phase of the plan.

18 Next slide, please.

19 Okay. So, what did we accomplish with  
20 all of this? Well, I'm pleased to say that we got  
21 665.5 million impressions. So that's people who saw  
22 our ads with the money that we spent in the media  
23 buy. So if you think about it, I just saw the  
24 governor put out a press release today. California  
25 has 39.5 million Californians. So, a small uptick

1 over the previous year.

2 So, if you think about that and you do  
3 the quick math there, about 17 views per person. And  
4 so that's just the eyeballs on this, right? So,  
5 that's a good statewide campaign. We really were  
6 able to get in front of every single Californian, if  
7 you think about it that way.

8 And how do we do this. Well, the  
9 campaign tactics that we used were online, streaming,  
10 audio and podcast, radio, print, in addition, you  
11 know, when you get your e-newsletter from different  
12 publications, there's the banner ads there. We were  
13 there and then a lot of out-of-home. So, that's your  
14 billboards, digital billboards, ads, and airports,  
15 things along those lines.

16 And this whole media buy was constructed  
17 with assistance from our consultant, census staffs  
18 input, in addition to the great guidance that we  
19 received from Board Member Worthe and Board Member  
20 MacTaggart.

21 So, again, our billboards ranged in  
22 various sizes. We were also on bus tails, as you can  
23 see here.

24 And then, also, I'd like to direct your  
25 attention to the two photos in the lower right-hand

1 corner. That's a great example of how we were able  
2 to get into local communities. So we used -- since  
3 this provided us with a consult -- or with a  
4 subcontractor that actually goes into local grocery  
5 stores, local mini-marts, pharmacies, and they put up  
6 our banner. And then they also put up brochures.  
7 This was done in English and Spanish. It's a really  
8 great paid advertising technique that also has a real  
9 grassroots approach to it as well, to get the  
10 information in front of the diverse members of the  
11 State.

12 So, print ads were also done in numerous  
13 languages too. So, we did a huge print ad campaign.  
14 And we didn't just do it in English. Spanish,  
15 Chinese, Korean, Filipino, Punjabi, Farsi, that's  
16 just a few of the languages that we produced these  
17 ads in. So really tried to reach every Californian  
18 where they are.

19 Next slide, please.

20 All right. In addition, we put out our  
21 first annual report. So, this captures the  
22 highlights of the Agency's work, from inception of  
23 the Agency through the close of 2024. This report  
24 was really well written and absolutely, beautifully  
25 laid out, in my personal opinion. But I can't take

1 credit for it, because it was written by Mr. Alvarez,  
2 and designed by Ms. Cameron. So, they really put a  
3 lot of time and consideration.

4 And as you'll see, there were helpful  
5 sections, including, "At a Glance." So that's one of  
6 the ones we have there. We wanted to make it a real  
7 quick look. I know a lot of people don't love  
8 reading a good annual report, so we tried to make it  
9 as user-friendly as possible.

10 So, you saw the "At a Glance," with some  
11 big numbers highlighting what we've done. You also  
12 saw the Agency milestones.

13 In addition, each section -- each  
14 division had their own section, where they got to  
15 highlight what they accomplished. And then, we also  
16 had highlights from our strategic plan. And, as the  
17 name implies, we've already started on the annual  
18 report that's going to cover all the work we've done  
19 in 2025. And look for that to come out in the first  
20 quarter of 2026.

21 Next slide, please.

22 So, in addition, as I mentioned, we've  
23 gotten a lot of media coverage thanks to the hard  
24 work by the various members of our Agency.

25 Just for a little recap, in 2021, we put

1 out -- or I'm sorry, in 2024, we put up 21 press  
2 releases. So far, in 2025, we put out 10.

3 So, if you think about it, we're really  
4 four months into the year. We're clearly already  
5 outpacing what we did in 2024.

6 That said, we don't put out press  
7 releases just to put out press releases. Every time  
8 there's news, we are discussing what we want to  
9 announce to the public, we discuss it at the  
10 executive team level, and my team also discusses it.  
11 Not all news needs a whole bunch of media blasts and  
12 everything like that. Some news needs extra  
13 attention.

14 So, we look at everyone as case-specific.  
15 And I create a communication plan around every single  
16 thing that we're trying to communicate to the public,  
17 so we can do it as effectively as possible.

18 So, I really do feel like we are getting  
19 a lot of strong coverage thanks to our media relation  
20 efforts.

21 Next slide, please.

22 Moving on to social media. So, we  
23 continue to use various social media platforms to  
24 engage in and educate Californians about their  
25 privacy rights.

1           As you know, we have some existing social  
2 media channels. We have X, formerly known as  
3 Twitter, LinkedIn, and Youtube. And we were able to  
4 grow those three channels by 22%.

5           In addition, we launched three new  
6 platforms this year, Bluesky, Instagram, and  
7 Facebook. Now don't laugh that we're just now  
8 getting onto Facebook and Instagram. We are a  
9 relatively new agency, so, of course, we didn't have  
10 one until recently. But we are on all of those  
11 channels now. And we are going to continue to post  
12 and use them as great ways to get in front of  
13 Californians.

14           Next slide, please.

15           In addition, we really upgraded the look  
16 of our social media posts. So, you've noticed, now,  
17 all of our posts have a consistent look and feel. We  
18 also try to explain some complex things in really  
19 easy ways for most Californians to understand. And,  
20 as you know, we have a variety of news coming out of  
21 the Agency, from tips to bills. We try to make sure  
22 that everything is conveyed in a way that's easy to  
23 understand.

24           Next slide, please.

25           So, the [privacy.ca.gov](https://www.privacy.ca.gov) website: As you

1 probably know, the Agency actually has two websites,  
2 cppa.ca.gov and then privacy.ca.gov.

3 Cppa.ca.gov is a lot of the Agency work.  
4 So you're going to see the Board materials up there  
5 and things along those lines.

6 As you all know, privacy.ca.gov is really  
7 consumer facing, where we want to provide really  
8 helpful information to the average Californian.

9 So since June of 2024, we've had more  
10 than 411,000 visitors to the privacy website. For  
11 reference, last year, when I presented to you in  
12 March, we had approximately 400 people who had  
13 visited the privacy website. So, as you can see from  
14 this chart, we did launch in January. I think a lot  
15 of those little small bubbles were internal team  
16 members. And then we really took off once the paid  
17 media campaign took off. And I just think that  
18 that's a really great example of how money is --

19 Yes, Board Member Worthe?

20 MEMBER WORTHE: On just those spikes, are  
21 those tied to press releases, you think?

22 CHAIR URBAN: I'm curious about that, as  
23 well.

24 MS. WHITE: Sure. Of course. They're  
25 actually tied to tactics with the media buy campaign.



1 So, if you remember when we showed you the media buy  
2 campaign, and we had some things that are consistent  
3 throughout the year, those low hums. And then we do  
4 spikes where we do -- radio spots would come online  
5 or newsletters. I wish it was all due to our press  
6 releases, but I can't take credit for that. So --  
7 but it really did give us an amazing boost to get our  
8 word out to as many people as possible.

9 Next slide, please.

10 All right. And so, who is visiting these  
11 websites? We're not doing, of course, tracking on  
12 our website outside of total visitors and locations.  
13 And so, we're really pleased to see that the top five  
14 regions are all coming from major metropolitan areas  
15 within the State.

16 Also -- I think it also gives us a really  
17 good guidepost of where we need to do some more  
18 outreach. Because clearly you're not seeing Fresno  
19 or any other Central Valley cities there. But at the  
20 same time, I am pleased to see that this website's  
21 really being used by large population areas  
22 throughout the State.

23 Next slide, please.

24 Oh, and I do want to say one additional  
25 thing about the website in terms of viewership. We

1 are growing partnerships throughout the State with  
2 nonprofits and encouraging them to list the  
3 privacy.ca.gov website on their website as a  
4 resource. It's so important to get in with community  
5 groups. And so, our amazing outreach team is leading  
6 that effort, reaching out to all kinds of  
7 stakeholders to see if they would list our website.

8 So far, more than a dozen web --  
9 organizations have agreed to do so. And we are just  
10 going to continue to reach out and get more and more  
11 to include our website on their website.

12 Okay. Moving on to the blog. As you've  
13 noticed, we have added things to the privacy website.  
14 One of the things that we've added is a blog. And  
15 we're going to continue to do regular posts to the  
16 blog. Every time we do a post, we promote it on  
17 social media channels.

18 And in addition, we've added some  
19 educational resources. This includes a "know your  
20 rights" brochure, and a video on the rulemaking  
21 process. We wanted to -- you know, we have so much  
22 rulemaking going on. We wanted to make sure that it  
23 was very easy for the public to understand how to get  
24 involved. And we also have information on the data  
25 broker registry.

1           That said, I know we need a lot more  
2 information on the privacy website. And that is one  
3 of the key priorities that myself and my team are  
4 going to be working on over the next 12 months. So,  
5 you're going to see a lot more information popping up  
6 by the time I'm back to talk to you next year.

7           Next slide, please.

8           Okay. Speaking engagements. So, we've  
9 already dramatically increased our speaking  
10 engagements in 2025 from the previous year. So, in  
11 2024 we spoke at 30 events. So far in 2025, we  
12 presented at 18 events. And we have many more  
13 calendared.

14           So, again, that's only four months, and  
15 we already are doing 18. The public affairs team  
16 coordinates these events, as I mentioned earlier,  
17 with talking points and slide decks. And these  
18 events, I'm not including all the other events that  
19 my team oversees, including meetings such as this,  
20 stakeholder sessions, public hearing, public comment  
21 hearings, things along those lines. So, those are  
22 just out getting out into the community.

23           Next slide, please.

24           Internal communications also falls under  
25 my team. And I really feel passionate about internal

1 communications. Organizational culture is so  
2 important. And we have a team that's diverse  
3 throughout the State. And so we want to make sure to  
4 improve employee retention, engagement, and  
5 cross-divisional collaboration, that we have really  
6 strong presence in terms of internal communications.

7 So far, we've implemented something that  
8 we call "CPPA Insights," which is the monthly webinar  
9 for our staff. They all get together and we talk  
10 about all different kinds of topics. Sometimes we  
11 have a guest presenter speak about a privacy issue.

12 This month we're going to have CalPERS  
13 come and talk about pension benefits. So, it ranges  
14 in terms of employee interest and then also employee  
15 education.

16 We also have an internal monthly  
17 newsletter that we put out. So, every month our team  
18 gets an e-mail put out by my team letting them know  
19 about everything that's going on at the State and at  
20 the Agency.

21 We also have started an intranet. So,  
22 any day, people can go to the intranet. They'll see  
23 a little article from my team. There's not a new one  
24 every day, but there's at least one a week, where  
25 we're letting them know about something new that's

1 going on.

2 So, we're really just trying to improve.  
3 We have a great culture at the Agency. We're trying  
4 to continue that culture, and get us all more engaged  
5 in talking to one another. And I also work very  
6 closely with our admin team, in terms of making sure  
7 that our intranet also has all of our policies, and  
8 things like that, to make it really easy for staff.

9 In addition, you may have noticed that  
10 we've upgraded some of our visual things. We all  
11 have those beautiful new backgrounds that we use for  
12 meetings. Our slide decks are all customized and  
13 standardized, but then also give the staff the  
14 ability to customize different slides, based on what  
15 they're presenting.

16 So, we're just trying to make things  
17 really easy for our team members, so they can focus  
18 on the hard work they're doing, and not worry about,  
19 "how do I put together a slide deck."

20 So now, looking ahead. Let's pivot to  
21 what's to come. Next slide, please.

22 Okay. So I see, and I'm focusing in on  
23 our paid media campaign. I see our campaign as  
24 having two phases. I see us moving from who we are  
25 to how we are here for you. So, Phase 1 is what

1 we're wrapping up in June. And since we are such a  
2 new agency, we wanted to start with some really basic  
3 outreach, general awareness. And the messaging is  
4 focused on letting Californians know that there is an  
5 agency dedicated to protecting their private --  
6 privacy rights. I would consider this phase one of  
7 our outreach.

8 Now, we're really excited to pivot to  
9 Phase 2, focusing on how the CPPA is here to help the  
10 average Californian protect their privacy in whatever  
11 way it feels right for them. That's one of the most  
12 significant things about the CCPA, is it's your  
13 personal information. You get to make the choices on  
14 what's right for you. And so, our goal with Phase 2  
15 of the campaign is to provide that information in  
16 plain language and through various communication  
17 channels, so Californians can better understand how  
18 they have control over who they share their personal  
19 information with, and much more.

20 So, how are we going to do that? That's  
21 going to be through a new media buy.

22 Next slide, please.

23 As you may remember from previous board  
24 meeting updates, we now have two active contracts.  
25 So, I am not referencing Contract 1, which is almost

1 complete. We have about \$300,000 left of a media buy  
2 there. Let's say that.

3 So, I'm focusing in on what I'll call  
4 Contract 2 and 3. One of these contracts is for  
5 \$2,000,000, and that's focused on creative  
6 development.

7 The other contract is for \$7.9 million.  
8 And that is mostly for a media buy, with a small  
9 allocation for creative services research. Because  
10 we'd like to do another research project later this  
11 year to see how well we're doing, in terms of  
12 reaching the average Californians. We can also use  
13 that contract, a little bit, for translation services  
14 and event support. This contract was one by Census,  
15 who we worked with on the prior campaign. It went  
16 through an RFP process, and they were the successful  
17 bidder.

18 So, we have one consultant who's managing  
19 all these contracts.

20 Both of these contracts -- all of these  
21 contracts, really, but I'm referencing Contract 2 and  
22 3 here. These were funded through one-time funds and  
23 are set to expire in June 2026 and July 2026. So,  
24 that \$2,000,000 for creative development expires in  
25 June of 2026, and the media buy expires in July of

1 2026.

2 So, we have partnered with Census to  
3 develop a media buy strategy.

4 And that media buy strategy is going to  
5 take off as soon as Contract 1 -- so the current  
6 media by strategy is goes away. Then we're going  
7 right into June of 2025 with the second media  
8 strategy. And that will run for 12 months and wrap  
9 up at the end of the fiscal year of 2026.

10 This campaign takes the tactics that  
11 worked well from the previous 12 months and also  
12 incorporates two new thirty-second spots. So, at a  
13 very high level, we'll continue to focus on brand  
14 awareness. We're also going to really promote Drop  
15 once we get into 2026 with this media buy dollars.  
16 And we're going to continue to work with out-of-home  
17 vendors that help us reach diverse communities.

18 So, as you look at these little icons  
19 here, those thirty-second spots, you're going to  
20 start to see them on TV. In addition, we're going to  
21 roll them out in out-of-home venues. So, you'll be  
22 at the movie theaters and you'll see our ad come on  
23 right before you're movie. Maybe you're pumping your  
24 gas, those little videos you get when you're pumping  
25 your gas, you're going to see our ad there, too.



1           We're also going to continue to be out  
2   in communities. So we're still going to use the  
3   subcontractor to have all of the brochures and  
4   banners out at various community stores. And in  
5   addition, we're going to continue our billboards,  
6   digital billboard, static billboards, along with  
7   radio, so much more. Okay. But that's just kind of  
8   a big broad stroke there.

9           All right. Next slide, please.

10          Okay. So this kicks off our new creative  
11   camp -- our new creative campaign is going to kick  
12   off this summer. We're already in the planning  
13   stages, but when we go into that new media buy, we're  
14   going to roll out some new creative.

15          So, for the out-of-home, as I mentioned,  
16   we have these videos. We just went down and we shot  
17   them in February and March of this year. So, you're  
18   going to see two beautiful videos that are -- that  
19   are going to be out there.

20          And in addition, we're going to refresh  
21   our creative. So, we're going to start to --

22          Sorry, go ahead.

23          MEMBER LIEBERT: Oh, it's okay.

24          MS. WHITE: So, the theme for the  
25   video -- the first one we call "Life on Display."

1 And I'm so excited to share it with you. We're in  
2 the final editings of these videos, so I will  
3 definitely be sharing them with the Board as soon as  
4 they're ready to go. I bet you three weeks from now  
5 we'll have them.

6 So "Life on Display," this is the amazing  
7 actress we had doing it. And she -- she's,  
8 basically, in an art gallery, and she's looking at  
9 all these beautiful pictures of her family. And  
10 she's like, "oh, this is so nice." And then all the  
11 (indiscernible) in and they start stamping, "sold,"  
12 on all of her little mementos, like a picture of her  
13 family, keys to her home, all these different things.

14 And then, all of a sudden, you get a  
15 tight shot of her. And she's on the [privacy.ca.gov](https://www.privacy.ca.gov)  
16 website. And she's relieved because she knows how to  
17 do this. And then -- Serena, or Ms. Marzion, do you  
18 mind advancing to the next slide.

19 This next slide we call "Obstacles." So,  
20 the two spots -- so this is our male actor, who is in  
21 the other thirty-second spot. And this ad portrays  
22 how it can be really confusing to understand how to  
23 opt out.

24 So it really is a little bit of a dark  
25 pattern, sort of, play with this one, where he's in

1 an office building. And he's trying to get to the  
2 office of privacy choices. And he can't figure out,  
3 and they've moved to the offices, and he's running up  
4 and down these stairs. And then, finally, he's just  
5 so irritated. And he's like, "why is this so hard?"  
6 And then you pan to him in his office, or his  
7 bachelor pad, as they were saying to me, and he's on  
8 his laptop, and he's on the privacy.ca.gov website.  
9 And he's learning how to better protect his rights.

10 So both of these thirty-second spots are  
11 really driving Californians to the privacy website so  
12 they can get more information. Because, as you know,  
13 our laws are complex. You can't convey all that in a  
14 thirty-second spot and keep it engaging, while people  
15 are waiting for their favorite Disney movie to come  
16 on. So, we tried to make it really engaging and  
17 relevant to the average Californian.

18 MEMBER LIEBERT: So, I want to follow up  
19 on that. Okay. I wasn't that keen on privacy as a  
20 team sport as a big message.

21 MS. WHITE: Sure.

22 MEMBER LIEBERT: Yeah. Yeah. The  
23 microphone problem.

24 Because, as we've talked about, we keep  
25 telling people that they've gotta do stuff right;

1 right?

2 And we want to make this easy for them.  
3 I'm excited to hear about this idea of driving  
4 traffic to the website, but that really underscores  
5 the need for that website to be really consumer  
6 friendly. I don't think we've hit that mark yet.

7 So, it sounded like there's a process by  
8 the Agency and staff now to really evaluate how to  
9 update that website to make it as user friendly as  
10 possible. So, that if we actually are successful,  
11 now with these campaigns and driving people to it,  
12 there's a really quick and an easy way for them to  
13 get the information they need to protect themselves.

14 MS. WHITE: Yeah, I could not agree more.  
15 And that's the whole point. Because there are so  
16 many complexities to the law. And so, they do need  
17 to go to the privacy website to learn more. And we  
18 do need to provide more information.

19 So, I will let you know that we have a  
20 clear path forward on this. I'm working very closely  
21 with our executive director, Mr. Kemp, to make it  
22 happen.

23 MEMBER LIEBERT: Great. Okay.

24 CHAIR URBAN: Should we let Ms. White  
25 finish?

1 MS. WHITE: I'm really close.

2 So, next slide, please.

3 In fact, we'll just wrap it up here. The  
4 other thing you're going to really start to see from  
5 us this year, is getting out into communities.

6 So, we've got a real focus on reaching  
7 out to community-based organizations. We want to go  
8 throughout the State and make these presentations in  
9 front of people. People connect with people, and,  
10 you know, we can seem like the state agency that's  
11 sort of up here in Sacramento doing all kinds of  
12 things. And the only way to break that is to really  
13 get on the road and start talking to people. And so  
14 that is a big focus that we have for the next  
15 12 months.

16 We're going to do this through forming  
17 more partnerships with community groups, because  
18 they're trusted within their community. And when we  
19 make those relationships, and they invite us to come  
20 speak to them, as is starting to happen right now.  
21 So, not just the privacy conferences with lawyers.  
22 Those are important. But where my team needs to be  
23 is out there talking to the average Californian and  
24 giving presentations to them.

25 We're also going to be growing our social

1 media channels and, of course, growing that privacy  
2 website. So, honestly, that was -- that was the end  
3 of my presentation. So, I'm ready to pivot to  
4 questions.

5 CHAIR URBAN: Wonderful. Thank you so  
6 much, Ms. White. This is incredibly impressive. The  
7 theme of our meetings is, so often, small teams  
8 punching above their weight. And this is one more in  
9 that in that general family.

10 Mr. MacTaggart?

11 MEMBER MACTAGGART: Yeah. This is really  
12 awesome work, so well done. It's a lot of work.

13 One question I had. So, Drop is not  
14 fully, kind of -- is it all way up to speed? Or were  
15 we ready for prime time? Kind of not; right?

16 So, is there a way to back in some of the  
17 spending, so that we can make sure that as we spend  
18 for that kind of thing, that we have the Drop, you  
19 know, ready to go? Because it'd be nice if people --  
20 you know, I know we're not necessarily only  
21 advertising about Drop, but -- you know, I'm just  
22 kind of wondering just, is -- do you have some  
23 flexibility? That's one question.

24 And then can you just refresh the 2 and  
25 the 7.9 that's already allocated -- that's in

1 government world? We can't -- that's not like a  
2 decision for us to spend. That's already been done;  
3 right?

4 MS. WHITE: That has already been done.  
5 Yeah. It was a one-time expenditure, and we had to  
6 use it on this stuff. So, yes.

7 In terms of your drop question, yes. In  
8 fact, just Friday, so less than a week ago, we were  
9 down in LA meeting with our consultants. And we  
10 talked about this very thing.

11 Mr. Kemp joined us also. Also Ms. Garcia  
12 was there, as well. And we discussed, should we move  
13 some of these media buy dollars towards the spring of  
14 2026? And I felt like it was more important to get  
15 the brand awareness out and not necessarily take, you  
16 know, 70% of our media buy dollars and move them  
17 too -- you know, the spring to promote Drop.

18 Also because, as you all know, the  
19 website will go live in January for people to sign up  
20 for Drop. But data brokers won't be accessing it  
21 until August.

22 So, people aren't going to see their  
23 information deleted until later in 2026. So, there's  
24 also a concern if you get all these people to sign up  
25 and then they don't see any change. Yeah.

1                   So, that's why we were like, "okay, what  
2 we're going to do is, let's talk about it." So, we  
3 all talked about it. We brainstormed.

4                   And really, what the creative consultant  
5 said is, that Drop sells itself. People are looking  
6 for a solution to get their e-mails deleted from data  
7 brokers, the people who would like to do that. And  
8 what we need to do is build trust and awareness  
9 around the agency. So, when they do go to use Drop,  
10 they trust us. They know us, because I will say,  
11 when you get out there and you talk to community  
12 groups, they're not super trusting of government.  
13 So, the idea that we're going to -- they're going to  
14 give us their e-mail address, it's kind of an ask;  
15 right? And so if I just hit them hard with Drop, but  
16 they don't know who I am, they're not going to use  
17 it.

18                  And so, it is a little bit more strategic  
19 in terms of just a long-term brand awareness  
20 campaign. Also, because we won't have these funds  
21 again; right? I mean, unless something happens and  
22 we get additional monies, but this is it.

23                  So, what you're going to see is the --  
24 these two thirty-second adds, which are going to take  
25 up a big chunk of the media buy percentage; right?



1 Because we're not just going to have them on TVs  
2 connected to -- they'll be on connected TVs. So, you  
3 see a little QR code. And you're going to be able to  
4 scan it and go to the privacy website.

5 You'll also see those running in movie  
6 theaters, at gas stations, things along those lines.  
7 So, we're going to do all those things.

8 And then, once we get to the spring of  
9 2026, we're going to pivot our creative. So,  
10 "exercise your rights" is going away. We're going to  
11 have new creative that comes out in the summer and  
12 runs until, say, February 2026.

13 And then February 2026, you're going to  
14 see new radio spots, new creative, all promoting  
15 Drop. So, it's a year-long campaign, because we are  
16 in this for the long run, unlike, say, an election  
17 campaign where we just have to hit everybody hard, so  
18 we get them to the to the voter booth.

19 We are actually trying to build brand  
20 awareness of an agency. So, it's a little bit of a  
21 different strategy there. It's what Census  
22 recommended, and our team agreed.

23 MEMBER MACTAGGART: Okay. I just --  
24 hopefully you have the -- you feel like you have the  
25 flexibility to adjust that. And it's not

1 something -- you know, I don't feel we should be  
2 necessarily seeing in January, but in December. I  
3 just, kind of, want to bring it up.

4 MS. WHITE: Yeah. No, I appreciate it.  
5 Mr. Kemp, obviously, is very passionate about Drop.  
6 So, we've had numerous conversations about how we can  
7 get out there and get the word out.

8 CHAIR URBAN: Thank you, Mr. MacTaggart.  
9 And thank you, Ms. White, for the  
10 explanation.

11 I fully agree with Mr. MacTaggart that  
12 this is -- the details of this are for the pros. But  
13 I also do want to highlight that Drop is going to be  
14 an incredible step forward. And it is simple to  
15 explain.

16 And we should capitalize on that, by  
17 thinking carefully about how to allocate the  
18 messaging on Drop specifically compared to the  
19 continued foundation building that started with the  
20 survey -- which, again, was really important in order  
21 to understand how little awareness there was out  
22 there, which some of my own economic research was on  
23 how people understood their privacy interests and how  
24 they understood their privacy rights. It's just a  
25 longstanding challenge. And I think that it's just

1    been really wonderful to see how much more people are  
2    aware of the Agency. And they are aware that they  
3    have rights in California.

4               So, continuing to build on that seems  
5    crucial to me. We don't want to lose that momentum  
6    in the cacophony of the political landscape and in  
7    the cacophony of the marketplace for people.

8               I also -- I know we always tell you  
9    prioritize everything, but I do want to highlight the  
10   last slide in the community outreach, connecting that  
11   to your efforts with regards to reaching different  
12   language communities. And making sure that you're  
13   working with community organizations and nonprofits  
14   in order to get the word out. That to me seems  
15   absolutely critical.

16              It is critical for the reason that you  
17   stated, Ms. White, that we need to be able to have  
18   trust with our communities, which means that, of  
19   course, they need to understand who we are and why  
20   they should trust us. And we need to understand what  
21   their needs are. And that is not a short-term  
22   endeavor. That's a long-term endeavor. And that's  
23   an endeavor that goes through community partners.

24              So, I really appreciate that that is a  
25   very careful part of the overall messaging work that

1 you're doing. And I just want to underline my  
2 support for that. And taking Mr. MacTaggart's point  
3 absolutely to heart, not telling you what to do or  
4 how to spend the money. But that is a piece that is  
5 near and dear to my heart.

6 So thank you very much for that. Other  
7 comments or questions?

8 Dr. Nonnecke?

9 MEMBER NONNECKE: Okay. Yeah, I  
10 (indiscernible) questions about which types of media  
11 placement, media buys do you think were the most  
12 effective at driving traffic to the website?

13 MS. WHITE: Oh, yeah. That's a really  
14 good question. I know, we tried to figure out where  
15 the big bumps were. We got a lot of bumps when we  
16 would do newspapers, when we would do e-newsletters,  
17 and you'd have the banner right up top. That was  
18 where they saw a really big jump.

19 It's a little harder, because we've had  
20 these billboards running so long. And you can't say  
21 that somebody saw the billboard, you know what I  
22 mean? I can tell you, like -- okay, if the  
23 Sacramento Bee had the banner, the ad there, and you  
24 click on that banner, I can tell you that's where  
25 that came from.

1                   So, I can't necessarily say like, oh,  
2                   that so many people drove by the billboard, and then  
3                   they went to the privacy website. Because they don't  
4                   have a way to tie those two things. But they did say  
5                   e-newsletters were very, very popular, getting on  
6                   social media platforms. There were certain ones that  
7                   performed really, really well. I don't know if I  
8                   should share which ones outperformed others. But on  
9                   a lot of social media platforms, we saw a nice big  
10                  jump there, along with radio. Especially NPR, really  
11                  played well.

12                 CHAIR URBAN: Yes. Mr. Liebert?

13                 MEMBER LIEBERT: I just want to build on  
14                 my fellow board members' questions about the Drop  
15                 process. Just on the financial side, if I understand  
16                 it correctly, you are suggesting that there will be  
17                 sufficient funding later on in the year that will be  
18                 available for the Drop process and getting that word  
19                 out? It sounds like you feel like you have that  
20                 flexibility; right?

21                 MS. WHITE: Yes, I will have the media  
22                 dollars to spend from, say -- I mean, I have them  
23                 right now, hypothetically, but I don't have a Drop  
24                 system.

25                 So, I will pivot our creative in February

1 of 2026. But then I have to spend all those funds by  
2 the end of the fiscal year. So, you're not going to  
3 see, unless -- you know, we get additional funds from  
4 some other way, you're not going to see advertising  
5 around Drop once we hit the, you know, August,  
6 really, of 2026.

7 CHAIR URBAN: So, what you're saying is  
8 we need to complete those regulations.

9 MS. WHITE: It helps. And I know  
10 Mr. Laird and his amazing team are busy, busy, busy  
11 with Drop. So, I have total confidence. But, yes,  
12 we are -- we're not going to have funds to advertise,  
13 because I can't move these funds around. Thank you.

14 Oh. And Ms. Garcia made a great point.  
15 I'm not going to have paid media advertising dollars  
16 to do this, but that doesn't change our approach.

17 I'm used to being in government agencies  
18 where there's no media buy; right? So, it's all  
19 grassroots earned media where you're going out,  
20 you're talking to people, you're doing press  
21 releases. I'm pitching media, social media.

22 So, I'm going to wind up going back to  
23 more of my PR roots, and getting eyeballs on Drop in  
24 a more traditional -- not traditional way. But, you  
25 know what I mean. Through more traditional methods

1     than what most government agencies have, like a big  
2     ad campaign.

3             MEMBER LIEBERT:   So, that -- sorry.   But  
4     that part I'm a little confused about.   I think what  
5     you were pointing out is that there actually won't be  
6     sufficient money for media buys, et cetera, for Drop  
7     that's currently scheduled; right?   Because Drop  
8     isn't there yet.   Is that what you're saying?

9             MS. WHITE:   So for -- sorry if I'm not  
10    being clear.   So, basically, the money that I have to  
11    spend on advertising is going to be gone by June of  
12    2026.   So, I can run Drop ads until that contract is  
13    over.

14            And then once that contract's over, I'm  
15    not going to be able to do paid advertising around  
16    Drop.   So, we're going to rely on our team, your  
17    public affairs team, and we're going to do ways to  
18    get in front of the public.

19            So, it's pitching the media, blogs,  
20    getting on podcasts, all of those more traditional,  
21    earned media routes.   But no, there's no media  
22    dollars allocated for a media buy for Drop that I'm  
23    going to be able to take into the fall of 2026.

24            CHAIR URBAN:   So -- and so, basically we,  
25    again, we need to get the regulations done, so we

1 have the timeline as we expect for data brokers to  
2 need to pull the data.

3 MS. WHITE: Right.

4 CHAIR URBAN: So that it is an effective  
5 tool for consumers. We don't want to be advertising  
6 something that doesn't work for people yet. And then  
7 we could do -- we could do awareness.

8 MS. WHITE: Right.

9 CHAIR URBAN: We could do awareness and  
10 then follow up with, sort of, more -- in a more  
11 grassroots fashion when people -- because it's pretty  
12 straightforward, again, to understand. People can go  
13 to the website and figure out how to -- you know,  
14 that'll be pretty easy to understand, how to do it.  
15 But we want to have it ready.

16 MS. WHITE: Yeah.

17 CHAIR URBAN: So, that that initial, sort  
18 of, identification of the tool is available.

19 MS. WHITE: Okay. Yeah.

20 MEMBER LIEBERT: I just -- I just think  
21 we're going to want to have bucks for media buys to  
22 get the word out in a big way about what may be one  
23 of our most successful programs ever for this Agency.  
24 So, not just relying on these important other tools  
25 that we have, but thinking about having the funds for



1 media buys, to do it as well.

2 MS. WHITE: Yeah. I just can't hold back  
3 any of this money. Yeah. So, if somebody wants to  
4 find another pot of money for advertising, I'd be  
5 happy to take it. But, yeah.

6 MS. GARCIA: The only -- can you hear?  
7 The only thing I wanted to add is that,  
8 yes, this is through -- halfway through the next  
9 fiscal year. And the legislature and the governor,  
10 you know, were nearing close budget deadlines. But  
11 nothing precludes us in the future for doing another  
12 budget change proposal to request additional dollars  
13 for this, if this is a priority for the Board.

14 MEMBER LIEBERT: Got it. Got it. That's  
15 what I was thinking.

16 CHAIR URBAN: Thank you. Additional  
17 questions or comments?

18 Is there public comment on this item,  
19 Ms. Marzion?

20 MS. MARZION: This is for Agenda Item  
21 No. 5, Public Affairs Update. If you'd like to make  
22 a comment at this time, please raise your hand using  
23 the raise-hand feature, or by pressing Star 9 if  
24 you're joining us by phone. This is for Agenda Item  
25 No. 5, Annual Public Affairs Update.

1           Madam Chair, I'm not seeing any hands  
2       raised at this time.

3           CHAIR URBAN: Thank you very much,  
4       Ms. Marzion.

5           Thank you again, Ms. White. This is  
6       incredibly impressive. And on behalf of the -- of  
7       the Board, I thank you and your team for your  
8       excellent and very skillful efforts here, in order  
9       for the public to be able to become aware that we are  
10      a resource for them.

11          With that, we will move on to Agenda Item  
12      No. 6, which is the item for public comments on items  
13      not on the agenda. As I mentioned at the top of the  
14      meeting -- actually, you know what I'm going to do?  
15      Apologies, everybody.

16          I'm going to skip over this one for now  
17      and move to future agenda items, which is Agenda Item  
18      No. 7. This is our item to discuss future agenda  
19      items. The Board is unable to discuss the substance  
20      of any items, but only consider them for inclusion on  
21      a future agenda and talk about some logistics. And  
22      the reason why I'm bringing this up is because, I  
23      understand that we should have a short discussion  
24      about which of the July dates that we put on the  
25      table last meeting we should plan on, if staff are

1 ready to confirm that with us.

2 MR. LAIRD: Yes, absolutely. So, I  
3 believe there was three, or even possibly four dates,  
4 that were considered at our last meeting for July.  
5 But based on the fact that we are now advancing these  
6 draft regulations to public comment in the interim,  
7 taking a later date in that time would be preferred.  
8 So, Staff would recommend Thursday, July 24th, as the  
9 date for the next board meeting?

10 CHAIR URBAN: Thursday, not Friday?

11 MR. LAIRD: Thursday, not Friday.

12 CHAIR URBAN: Okay. For some reason, I  
13 have both of those as possibilities.

14 MR. LAIRD: We held both.

15 CHAIR URBAN: Okay.

16 MR. LAIRD: Yes.

17 CHAIR URBAN: Okay.

18 MR. LAIRD: And I suppose I should make  
19 the caveat, if there's enough -- the Board thinks it  
20 would like to do a two-day meeting, of course, we can  
21 keep both.

22 CHAIR URBAN: Okay.

23 MEMBER MACTAGGART: Thursday sounds  
24 great.

25 CHAIR URBAN: Thursday, July 24th? Going

1 once? Going twice?

2 All right. We confirm Thursday,  
3 July 24th. That'll be in Sacramento, as I understand  
4 it. Well, I'll be very -- well those of us from  
5 other areas of the State will be enjoying the true  
6 summer weather. Indeed.

7 In terms of future agenda items, we've  
8 had our report out in the public awareness work. So,  
9 thank you again, Ms. White, for that.

10 We will have an update on staffing and  
11 administrative procedures in a future board meeting.  
12 Just so that I can help us keep track of the items  
13 that are on the running agenda for appropriate  
14 inclusion into an agenda, when it's the right time,  
15 is AGDPR adequacy questions, which Mr. MacTaggart has  
16 mentioned. And we may have a briefing from European  
17 experts, given lots of changes in the political  
18 landscape.

19 Of course, staff will let us know what is  
20 the best approach to that. We will hear about  
21 comments on the data broker rulemaking when those are  
22 ready.

23 And we, of course, will have comments on  
24 the modified language that we approve to go into the  
25 second rulemaking -- second comment period today.

1           We will discuss our -- we will hear about  
2     the chief privacy auditor position when that is --  
3     when it's the correct time for that. We did hold our  
4     general discussion of regulations priorities, which  
5     is on the annual regularized calendar for May --  
6     actually earlier, I think, until the end of the year.  
7     Because we do have two substantial packages underway.  
8     But I will note that I still have on my list, that  
9     Mr. MacTaggart is interested in implementing the  
10    right to delete, in terms of partial deletion.

11           And just to remind board members that at  
12    any time you can check in with the legal division and  
13    offer suggestions that you would like to go on the  
14    list for that discussion.

15           Are there additional board member agenda  
16    items?

17           Yes, Mr. Worthe?

18           MEMBER WORTHE: I got one that I think --  
19    when you listen to all the comments we get, one thing  
20    you're going to learn is, we can't please everybody.  
21    But what you hear a lot of is the cost of small  
22    businesses. And I just was doing some quick research  
23    and we've got 4.15 small businesses -- million,  
24    4.15 million small businesses in California. And our  
25    math shows about 7,984 being impacted. That's

1 revenues of 50 million and below. So, it's a very  
2 small subset of the small business that'll be  
3 impacted by these costs.

4 But I think better than getting on the  
5 fly, an economist -- one thing about economists is,  
6 they're historically incorrect.

7 So, one thing I'd like to do is, maybe if  
8 we can engage and I -- if I could help, I'll  
9 certainly do this -- engage an accounting firm who's  
10 going to be doing this work. Because usually these  
11 are add-on services. I don't think the costs we got  
12 today were accurate when you already have a full  
13 audit of going on.

14 So if we could, you know, just help give  
15 some people better perspective of the real costs  
16 here. I think that would be helpful for folks'  
17 concerns.

18 CHAIR URBAN: Thank you, Mr. Worthe.

19 So, to be sure that I understand the  
20 request, so an analysis with an appropriate expert of  
21 the scope of small businesses covered by the statute  
22 and by regulations?

23 MEMBER WORTHE: The cost to that subset.  
24 Yeah.

25 CHAIR URBAN: Yeah. Okay. I would be

1 interested in just understanding the subset with a  
2 little bit more concreteness.

3 The numbers are in the statute, the  
4 numbers are in the regulations. But being able to  
5 match that up with how much of the business economy  
6 we're talking about in California would be really  
7 beneficial. So, I second that request.

8 Any additional? All right. Oh, yes.

9 Mr. Laird?

10 MR. LAIRD: I'll just note, the one other  
11 thing on our regularized calendar is an enforcement  
12 update that we would anticipate.

13 CHAIR URBAN: Oh, my apologies. My  
14 apologies. And the enforcement update, do we expect  
15 that in July, or do we expect that in the following  
16 meeting?

17 MR. LAIRD: We'll assess. We'd like to  
18 do it in July, but there's a lot, probably, going on  
19 in July between the two rulemaking --

20 CHAIR URBAN: Indeed. And we may, of  
21 course, need to respond to questions from the  
22 legislature, or anything that is -- that comes up  
23 during the legislative session. Okay. Thank you.

24 Ms. Marzion, is there public comment on  
25 this item?

1 MS. MARZION: This is for Agenda Item  
2 No. 7, Future Agenda Items. If you'd like to make a  
3 public comment at this time, please raise your hand  
4 using the raised-hand feature, or by pressing Star 9  
5 if you're joining us by phone. This is for Agenda  
6 Item No. 7.

7 Madam Chair, I'm not seeing any hands  
8 raised at this time.

9 CHAIR URBAN: Thank you very much,  
10 Ms. Marzion.

11 And with that, I will recall Agenda Item  
12 No. 6, which is our item for public comment on items  
13 not on the agenda. This is the one item in which  
14 members of the public can provide comments on things  
15 that were not on our agenda for today.

16 As a reminder of -- or for those of you  
17 who are new to our meetings, the Board may not  
18 discuss or act on any matter raised during this  
19 particular public comment session section except to  
20 consider, again, whether to place the matter on the  
21 agenda for a future meeting.

22 I also have a note, before we begin  
23 taking comments that the Agency is in the midst of a  
24 formal rulemaking process for the rulemaking package  
25 concerning the delete request and opt-out platform.



1           That's the Drop regulations and the Drop  
2 tool that we've been talking about today without  
3 saying what the acronym stands for, which is very bad  
4 of me. I always insist usually that people spell it  
5 out, but that is what it is. Those are -- those  
6 regulations are open for public comment at the moment  
7 in the formal rulemaking process.

8           And so I remind everyone that today's  
9 board meeting is not a hearing for receiving public  
10 comment on those draft regulations. And as mentioned  
11 earlier, the Board will consider comments after they  
12 are collected. The initial comment for that draft  
13 regulation package will remain open until Tuesday,  
14 June 10th of 2025.

15           And with that, Ms. Marzion, is there any  
16 public comments on items not on the agenda?

17           MS. MARZION: All right. This is for  
18 Agenda Item Number -- No. 6, Items Not on the Agenda.  
19 If you'd like to make a comment at this time, please  
20 raise your hand using the raised-hand feature, or by  
21 pressing Star 9 if you joining us by phone. This is  
22 for Agenda Item No. 6.

23           Madam Chair, I'm not seeing any hands  
24 raised at this time.

25           CHAIR URBAN: Thank you very much,

1 Ms. Marzion.

2 Our final agenda item is Item No. 9,  
3 Adjournment. I would like to thank everyone, the  
4 Board members, staff, and members of the public for  
5 their many contributions to the meeting, and to the  
6 Board's work. I'd like to, especially, again, thank  
7 staff for the above-and-beyond effort to brief us  
8 appropriately for discussing the regulations that  
9 we decided to put into the next round of formal  
10 rulemaking today, and to the Board for its careful  
11 consideration of some pretty detailed changes to  
12 those regulations, as we continued to work towards  
13 this goal on behalf of the members of the State of  
14 California.

15 May I have a motion to adjourn the  
16 meeting?

17 MEMBER WORTHE: So moved.

18 CHAIR URBAN: Thank you. I have a motion  
19 from Mr. Worthe. Do I have a second?

20 MEMBER LIEBERT: Absolutely.

21 CHAIR URBAN: Thank you. I have a motion  
22 from Mr. Worthe and a second from Mr. Liebert.

23 Ms. Marzion, could you please conduct the  
24 roll call vote?

25 MS. MARZION: Yes. This is -- the motion

1 is to adjourn.

2 Board Member Liebert?

3 MEMBER LIEBERT: Aye.

4 MS. MARZION: Board Member MacTaggart?

5 (No audible response.)

6 MS. MARZION: Board Member Nonnecke?

7 MEMBER NONNECKE: Aye.

8 MS. MARZION: Board Member Worthe.

9 MEMBER WORTHE: Aye.

10 MS. MARZION: Chair Urban?

11 CHAIR URBAN: Aye.

12 MS. MARZION: Madam Chair, you have four  
13 voting yes and one absence.

14 CHAIR URBAN: Thank you very much,  
15 Ms. Marzion.

16 The motion carries with a vote of 4 to  
17 nothing. And this meeting of the California Privacy  
18 Protection Agency board stands adjourned.

19 (End of recorded audio.)  
20  
21  
22  
23  
24  
25

1 State of California )

2 ) ss.

3 County of Sacramento )

4  
5  
6  
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