

AI in the Workplace: Navigating the Legal Minefield in the Digital Gold Rush



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The law firm of Tucker Arensberg contributes this quarterly column focused on the legal issues that may impact our readers. Tucker Arensberg is a full-service law firm headquartered in Pittsburgh, Pa., USA. Servicing the legal needs of the iron and steel industry, Tucker Arensberg has also provided legal counsel to the Association for Iron & Steel Technology.

Artificial intelligence (AI) is reshaping the workplace so rapidly that employers are struggling to keep up. This is particularly true with large employers, like many in the steel and manufacturing sectors, who tend to rely more heavily on technology to manage large and complex workforces. As AI integration accelerates, improved workplace efficiency is undeniable, from the ability to offer enhanced decision-making to expanded capabilities across functions ranging from predictive maintenance to human resources. Yet as AI's integration accelerates, legal and regulatory guardrails lag dangerously behind, exposing employers to significant risks in the form of discrimination claims, data privacy issues, and even class-action lawsuits. In the steel industry — a sector already navigating labor challenges, evolving workforce expectations and heightened competition — the legal implications of AI adoption demand proactive attention. Much like the steel industry's early encounters with automation and robotics, the adoption of AI presents a dual-edged reality: it brings operational efficiency and innovation while introducing new and evolving layers of legal liability.

efficiency, reduce costs, and ensure high-quality output. This creates a powerful incentive for employers to deploy AI tools to streamline hiring, monitor performance, and predict turnover, but the risks of doing so without clear guidance are significant. AI-generated employment decisions that are data-driven can easily run afoul of anti-discrimination laws if the AI tool is trained on a biased data set or operates without human oversight. Thus, these advancements come with complex legal considerations, where employers must ensure that innovation does not come at the expense of legal compliance.

Beyond employment decisions, AI is also being integrated into production from process optimization and quality control to predictive and energy maintenance. AI has the capability to analyze real-time data collected in the workplace, and AI can identify inefficiencies and adjust operating conditions that are required in steel manufacturing. In fact, AI is being utilized to optimize operations and reduce waste, which is critical in any industry where there is pressure to meet sustainability goals.

While AI is being integrated in the workplace, the legal framework governing it remains a gray area. As a result, employers must exercise caution and ensure compliance with existing anti-discrimination laws, labor laws, safety laws and Fair Credit Reporting Act (FCRA) obligations.

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How AI Is Already Embedded in the Steel Industry

The steel industry is rapidly embracing AI to enhance safety and

The New Wild West of AI Regulation

At both the federal and state levels, AI regulation is evolving — but inconsistently and often without clear guidance. The federal government under the current administration has prioritized fostering AI innovation over imposing regulatory barriers. In early 2025, President Trump issued executive orders promoting U.S. leadership in AI and workforce development, while federal agencies, including the Equal Employment Opportunity Commission (EEOC) and Department of Labor, have pulled back previous efforts to develop guidance on AI in employment.

Although federal efforts have focused on innovation and workforce development in AI, the absence of federal regulations does not eliminate an employer's responsibilities under existing labor and anti-discrimination laws. Courts are increasingly signaling that companies may be held liable for algorithmic discrimination arising from the use of AI tools, regardless of whether they understand how the AI tool functions, whether the tool was developed by a third-party vendor, or whether there was any intent to discriminate.

State Legislatures Step In

In the absence of comprehensive federal regulation, state legislatures are actively working to fill the void and regulate the use of AI in employment, reflecting a broader national trend toward greater accountability and human oversight when implementing AI tools to prevent algorithmic discrimination in hiring practices. Of course, this exposes large multistate employers to a potentially inconsistent patchwork of regulations, requiring even closer monitoring.

Federal Preemption Threatens State Progress

A recent development at the federal level could undermine states' growing momentum. Lawmakers in Congress have introduced a provision in a budget reconciliation bill that intends to limit states from regulating artificial intelligence models, systems or automated decision systems. If enacted, this could threaten ongoing state efforts to address algorithmic discrimination and workplace transparency, leaving employers in an uncertain regulatory environment.

The Overlooked FCRA Risk: Old Law Meets New Technology

The use of AI in employment decisions presents a potential minefield for steel companies adopting AI-driven human resource (HR) technologies. When implementing AI-driven HR technologies, employers cannot overlook legacy compliance frameworks like the FCRA. The Consumer Financial Protection Bureau (CFPB) has made it clear that AI-generated reports or algorithmic scores used for employment decisions may fall within

the FCRA's scope. This means that steel employers leveraging AI tools for hiring, performance monitoring, reassignment, or discipline could inadvertently trigger legal obligations, including consent requirements, pre-adverse action notices, and dispute resolution procedures. Overlooking these requirements can expose companies to private lawsuits and class actions, a costly risk for any employer.

OSHA, Safety and Surveillance Risks in the Age of AI

While much of the legal attention associated with AI focuses on human resource decisions and data privacy, the use of AI in high-risk industries like steel manufacturing raises serious safety and compliance concerns, particularly under the U.S. Occupational Safety and Health Administration (OSHA).

In industrial settings, AI offers powerful tools for improving safety through fatigue detection, predictive maintenance and compliance monitoring, but overreliance on these systems presents new risks in the future under workplace safety laws. For example, ignoring emerging safety risks flagged by human workers but not by algorithms or failure to respond to an equipment alert could lead to heightened liability and legal exposure. An employer using AI-powered surveillance tools to monitor employees in a unionized environment may also raise privacy and consent concerns. To minimize risk, employers should ensure that AI tools supplement rather than replace human oversight and comprehensive safety measures to adhere to their safety obligations under the law. This includes providing training, maintaining human oversight of critical decisions and auditing AI tools to ensure compliance with OSHA requirements and existing laws.

Four Steps to Protect Your Company Now

In this rapidly shifting landscape, steel employers cannot afford to wait for clear-cut regulations. Instead, companies should take proactive steps to mitigate legal risks while leveraging the benefits of AI:

1. **Develop an Internal AI Governance Framework:** Establish clear internal policies outlining where and how AI tools will be used, who is responsible for oversight, and how data integrity and privacy will be protected.
2. **Audit AI Tools for Bias and Compliance:** Regularly test and audit any AI tools — especially those used in HR, safety monitoring or predictive analytics — for bias, accuracy and discriminatory impact.

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3. Vet Vendors Thoroughly: Review contracts with AI technology providers to ensure they disclose the data sources, training methodologies and compliance with relevant laws — including FCRA obligations.
4. Stay Informed and Engage Legal Counsel: Keep a close watch on evolving state and federal guidance and engage legal counsel with experience in both AI technologies and traditional employment law to avoid costly missteps.

What This Means for Steel Employers

AI is no longer a futuristic concept for the steel industry — it's here, embedded in workforce management, operations and decision-making processes. But the rules governing its use remain unclear, inconsistent and evolving. Employers who approach AI adoption without legal foresight may find themselves caught in the crosshairs of lawsuits and regulatory action.

In this digital gold rush, those who proceed cautiously, build internal safeguards, and stay ahead of the legal curve will be best positioned to harness AI's benefits while minimizing legal liability. ♦

