

APPENDIX C-AI

Standard Terms for Artificial Intelligence (AI) Purchases and Use of AI for the NYS Department of Civil Service

July 2026

The following Terms and Conditions supplement the DCS Appendix C, Information Security Requirements and are applicable to all Department purchases where the solution provided by the Contractor or their subcontractor or agents deploys Artificial Intelligence (AI) technologies or AI systems as described below.

1. New York State AI Policy

Unless the Department waives a policy requirement, the Contractor must comply with New York State Information Technology Policy No: NYS-P24-001 “Acceptable Use of Artificial Intelligence Technologies,” or any successor policies which establish guidelines for the acceptable use of AI technologies for New York State Agencies.

For the purposes of this Appendix and any resulting contract, AI is defined by New York State AI policy as:

“a machine-based system that can, for a given set of human-defined objectives, make predictions, recommendations, or decisions influencing real or virtual environments that, when used, may “directly impact the public.” AI systems use machine- and human-based inputs to perceive real and virtual environments; abstract such perceptions into models through analysis in an automated manner; and use model inference to formulate options for information or action.

The definition includes but is not limited to systems that use machine learning, large language model, natural language processing, and computer vision technologies, including generative AI. The definition does not include basic calculations, basic automation, or pre-recorded rule-based conditional logic response systems with predefined triggers that automatically initiate predetermined actions, such as “if this then that (IFTT)” systems.”

The New York State policy applies to all new and existing AI systems that are developed, used or procured by New York State Agencies or deployed by a Contractor, that when used could “directly impact the public”¹.

¹ As defined by the New York State AI policy ““Directly impact the public” shall mean when the use of an AI system would control, have a material impact on, or meaningfully influence the outcome of activities that impact the safety, welfare, or rights of the public. Examples of such activities include but are not limited to assessments or decisions about individuals including in law enforcement, housing, hiring and employment, financial, educational, or healthcare contexts, decisions regarding access to or eligibility for government benefits or about child welfare, or the functioning of emergency services or critical infrastructure.”

2. Notice

Contractor shall provide the Department with notice of the use of AI. Such notice shall be clear and unambiguous. AI-specific terms should be explicitly defined and presented separately from the general terms and conditions to ensure clarity and transparency. If new AI terms are included, AI will be clearly described by Contractor to the Department. Contractor agrees to provide the Department with written notice at least 90 days prior to the implementation or use of any AI technology in Contractor's software, hardware, or in any dealings or communication with the State, the State's employees, contractors or consultants, public users, members of the public, or data-subjects. Such notice shall include a detailed description of the AI technology to be used, its intended purpose, its connections with the State, when the AI will be deployed within a tool, whether that AI is open source, whether the AI can be disabled, how the AI will be implemented and any information or documentation related to compliance as indicated in Section 4. The Department reserves the right to request additional documentation related to AI prior to or while the AI is in use.

3. Approval of AI Usage

For AI tools not integral to the system (system cannot function without AI being enabled), AI tools should be disabled by default. Any AI usage must be approved, in writing, by the Department. After analysis, should the Department deem the AI unacceptable and AI functionality cannot be disabled, the Department reserves the right to terminate the contract at no cost to the State.

4. Compliance

The use of AI must comply with all applicable policies and standards set forth by New York State, as well as local, state, and federal laws. This includes compliance with regulations related to AI use, security, privacy, and any other laws, regulations, and standards concerning technology that employs AI. The Department may require Contractor to provide:

- a) Any reports that are necessary for auditing purposes by third parties including but not limited to a bias audit. Reports should include how the AI system uses personally identifiable, confidential, or sensitive information to ensure such use complies with applicable laws, rules, regulations, notices, and policies.
- b) A recent independent audit report or, artificial intelligence (AI) impact assessment as defined by the National Institute of Standards and Technology (NIST).
- c) Information or documentation detailing the explainability of the AI solution.

5. AI Training Data Usage Prohibition

Contractor shall not employ State Confidential Information or Data acquired through working with the Department or providing services to the Department to train AI systems without obtaining prior written approval from the information owner, which may include an authorized user of the system. If data is identified and non-aggregated, the Department should have prior notice that their information will be used for this purpose.

The intended usage of such data for AI training must align with existing data usage rights, and the Contractor shall ensure that data privacy and security are maintained throughout the process. If Contractor intends to use any data for training purposes, they must have explicit authorization from the Department. A Contractor may obtain an exception to allow for training with the Department's data if that training is being used solely in support of the Department's use of AI.

6. Transcription Tools

AI transcription capabilities should be disabled by default, unless specifically requested by the Department. Users should be made aware of any loss of capabilities and usability if those transcription tools are disabled. Transcription capabilities include the ability to transcribe, summarize, or analyze any meetings, discussions, or proceedings.

7. Data Ownership

Data derived from AI outputs is owned by the Department. All Prompts, Uploaded Content, and Outputs created using the AI tool shall remain the exclusive property of the Department. The Contractor shall not use Prompts, Uploaded Content, or Outputs to train, retrain, tune, or improve any AI model. The Contractor shall not store, retain, or repurpose the Department's data for any purpose other than providing the contracted services. The Contractor shall not share or distribute the Department's data with any third parties without the Department's written permission.