KACo 52nd Annual Conference | Lexington, KY | Nov. 19, 2026

# The Future of AI
# Deepfakes, Disruption and Decisions

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# 01

# Elections

Kentucky's 2026 primary was a deepfake test case

# Kentucky's own deepfake primary




*Screenshot / MAGA KY PAC Ad*

A MAGA KY PAC ad attacking Kentucky GOP Congressman Thomas Massie uses AI-generated "deepfake" video to depict him holding hands with Democratic congressional members Alexandria Ocasio-Cortez and Ilhan Omar.

*Source: Louisville Public Media / WKYU, May 5, 2026 (screenshot of MAGA KY PAC ad)*

# Other Candidate




*Screenshot / Kentucky 4th PAC Ad*

A Kentucky 4th PAC ad attacking Kentucky GOP congressional candidate Ed Gallrein uses AI-generated "deepfake" video to depict him fleeing from President Donald Trump on a fictional battlefield.

*Source: Louisville Public Media / WKYU, May 5, 2026 (screenshot of Kentucky 4th PAC ad)*

# Kentucky law says label it, not ban it

SB 4 (March 2025): AI election ads are legal if labeled. A candidate shown in an unlabeled deepfake can go to court.

LABELED

## Anti-Massie ad

Fine print said "satirical" and "created with artificial intelligence." Likely legal under Kentucky law.

UNLABELED

## Anti-Gallrein ad

Reportedly no AI label. The kind SB 4 targets, yet nothing visible happened before the primary.

**The takeaway:** Kentucky's deepfake law is a fine-print label. They labeled it. Massie still says it cost him the race. A label doesn't undo the influence.

*Sources: KRS 117.322 (SB 4, 2025); Louisville Public Media, May 5, 2026; Arizona Capitol Times, July 21, 2026*

# It's not just Kentucky

**220+**

political ads nationwide were generated at least in part with AI by late October 2026

**No federal rule**
requires an AI disclaimer on political ads.

**Cheap and fast**
A deepfake ad can be made in an afternoon and run before anyone can respond.

**Next time it could be a county race**
Judge-executive, sheriff, magistrate, clerk.

*Source: Wesleyan Media Project via AFP, Oct. 27, 2026*

# 02

# Deepfakes

When the target is a government office

# Every face on this call was fake




*Source: Singapore Police Force footage, May 16, 2026*

# One victim lost at least S$4.9 million




## How police spotted it

1. **Lips didn't match the speech**
   Pre-recorded video with fake audio layered on top

2. **One account did all the talking**
   Audio came from a single account, not each speaker

3. **Background didn't line up**
   Distorted backdrop and a Zoom logo out of place




*Source: Singapore Police Force, May 16, 2026*

# The FBI's warning: Government officials are the target

AI-cloned voices and texts are being used to impersonate senior federal and state officials, Cabinet leaders and members of Congress.



**Government**



**Ex-military**



**Education**



**Healthcare**

*Most at risk: the most public information, the most valuable systems*

**Why counties:** your voices are on public meeting video, your names are on the website, home addresses are public record, and local systems often have the thinnest cybersecurity while foreign adversaries target government most.

*Source: FBI public service announcement (updated Dec. 2025), via Biometric Update*

# A county wired $3.3 million to a fake vendor

# $3.3M

**Warren County, New York, December 2025**

**This is the scam AI makes cheaper**
AI now writes the perfect vendor email and clones the voice on the confirmation call (Spear Phishing)

1. Scammer poses as Peckham Industries, a real paving vendor for the county
2. Submits new bank account details by email
3. Treasurer's office sends two ACH payments to the new account
4. Discovered only when the real vendor asked about unpaid invoices

*Sources: WAMC, Jan. 9, 2026; Spectrum News, Dec. 31, 2025; Glens Falls Chronicle, May 13, 2026*

# It's in Kentucky schools



**Henderson, KY middle school student charged with using AI to create explicit images of classmates and sharing them with other students**

# 48 hrs

Platforms must now remove AI-generated intimate images within 48 hours of a valid request (federal Take It Down Act, enforced since May 19, 2026).

– Estimated over 180K Similar Police Reports in US in last year involving explicit AI generated minors

*Sources: Spectrum News 1 and WFIE, Sept. 2026; FTC, May 2026*

# Kentucky sued an AI chatbot company first

## Kentucky attorney general's lawsuit says AI company 'preys' on youth



**"Tens of thousands"**
of Kentuckians actively use Character.AI, including thousands under the age of 18.

Filed Jan. 8, 2026, under Kentucky consumer protection and data privacy law.

*Source: Kentucky Lantern, Jan. 8, 2026*

# 03

# Workforce Disruption

Layoffs, new grads, and the real story

**Companies Predict 2026 Will Be the Worst College Grad Job Market in Five Years**

Hires from the Class of 2026 will stay largely flat, employers project, as layoffs rise and AI is able to do more entry-level tasks



The Wall Street Journal 14.11.2025

By Lindsay Ellis, The Wall Street Journal 17:17

# AI became the top reason given for layoffs

## AI remains top reason for US job cuts for third straight month as employers axed 97,000 workers in May

AI accounted for 40% of all job cuts announced in May, with transportation and bankruptcy-related losses also rising

By **Eric Revell** | **FOXBusiness** |

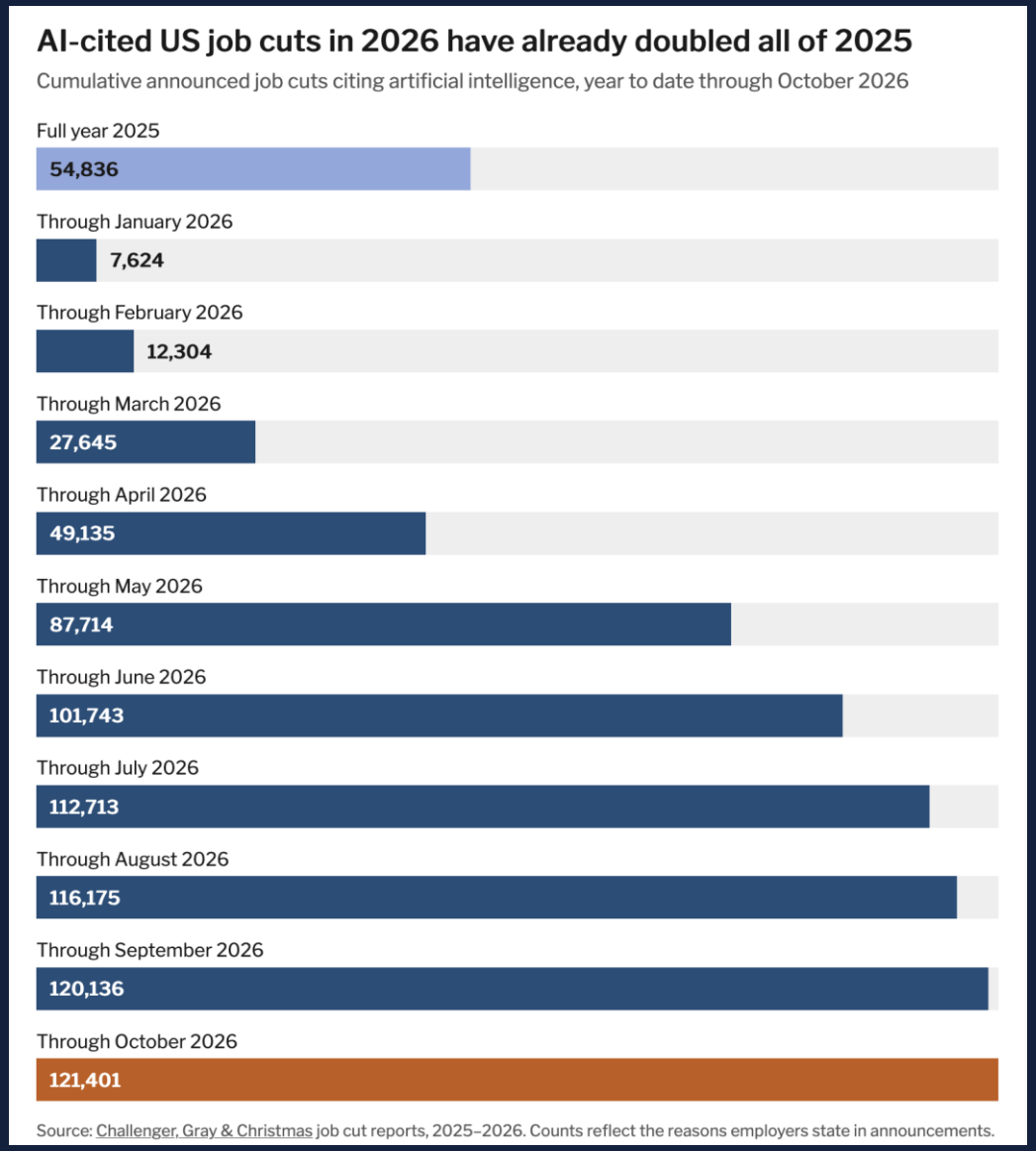



**U.S. Stock Market Quotes**

Quotes displayed in real-time

*Source: Fox Business, June 2026 (Challenger, Gray & Christmas data)*

# AI-cited cuts in 2026 already doubled all of 2025




**121,401**

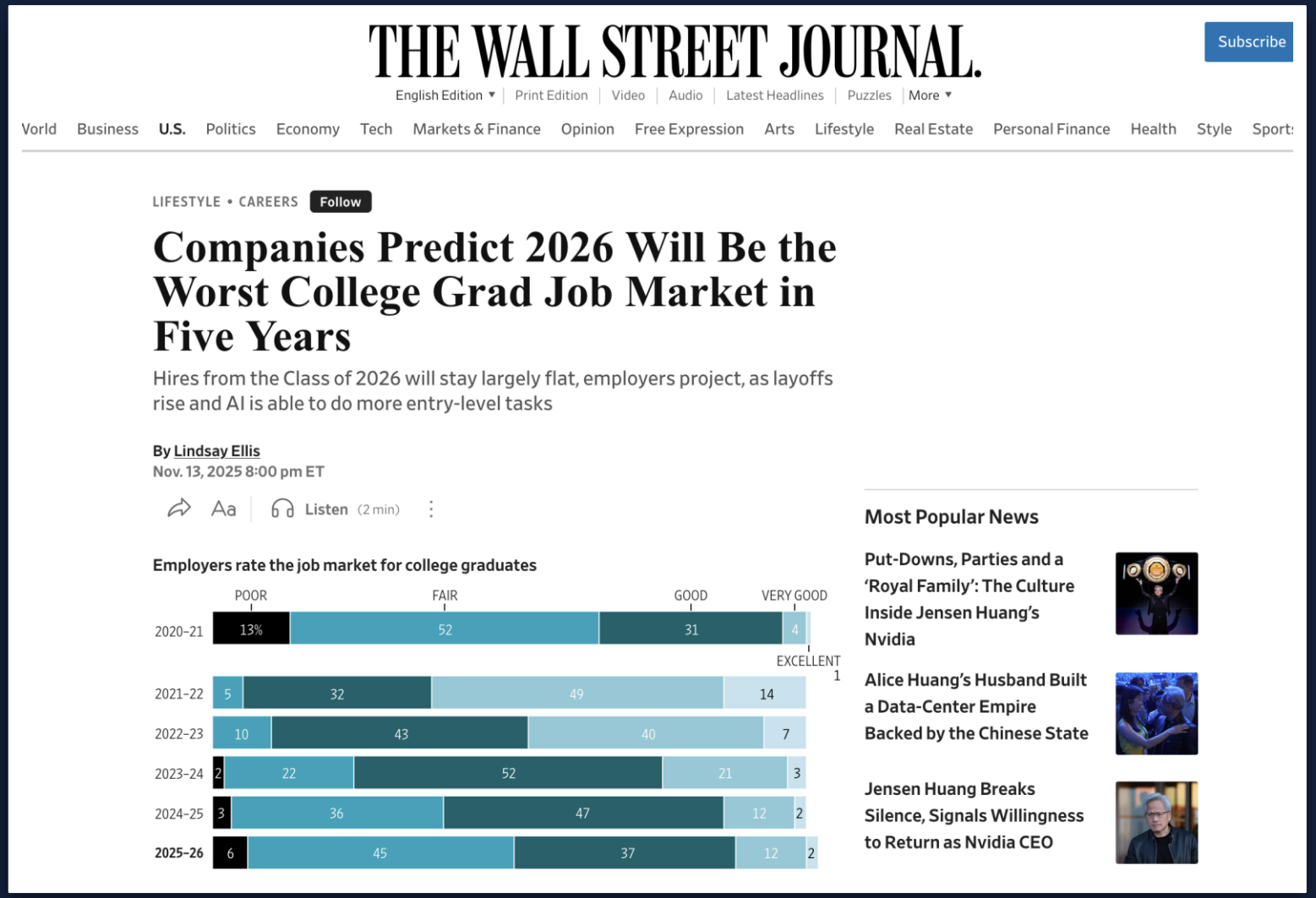
job cuts citing AI through Oct. 2026

**54,836**

in all of 2025

*Source: Challenger, Gray & Christmas job cut reports, 2025 to 2026*

# The first rung of the ladder is disappearing



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## Companies Predict 2026 Will Be the Worst College Grad Job Market in Five Years

Hires from the Class of 2026 will stay largely flat, employers project, as layoffs rise and AI is able to do more entry-level tasks

By Lindsay Ellis
Nov. 13, 2025 8:00 pm ET

Aa | Listen (2 min)

Employers rate the job market for college graduates

| | POOR | FAIR | GOOD | VERY GOOD | EXCELLENT |
|---|---|---|---|---|---|
| 2020–21 | 13% | 52 | 31 | 4 | 1 |
| 2021–22 | 5 | 32 | 49 | 14 | |
| 2022–23 | 10 | 43 | 40 | 7 | |
| 2023–24 | 2 | 22 | 52 | 21 | 3 |
| 2024–25 | 3 | 36 | 47 | 12 | 2 |
| **2025–26** | 6 | 45 | 37 | 12 | 2 |

Most Popular News

Put-Downs, Parties and a 'Royal Family': The Culture Inside Jensen Huang's Nvidia

Alice Huang's Husband Built a Data-Center Empire Backed by the Chinese State

Jensen Huang Breaks Silence, Signals Willingness to Return as Nvidia CEO

*Source: The Wall Street Journal, Nov. 13, 2025*

# But is AI really the reason?

**38,579**

AI-cited cuts in May 2026

**1,265**

AI-cited cuts in Oct. 2026

*Counts reflect the reasons employers state, not an independent measure of what drove each cut.*

**Wharton's Peter Cappelli:** companies are cutting in anticipation of AI taking jobs. It hasn't happened yet.

**Brookings' Molly Kinder:** blaming AI is an investor-friendly message. It signals cutting-edge adoption instead of admitting the business is struggling.

## What else is driving cuts



**Post-COVID overhiring**



**Tariffs**



**Rising gas prices**



**Middle East conflict**

*Sources: Challenger, Gray & Christmas via HR Director, Oct. 19, 2026 (updated Nov. 5); Cappelli and Kinder as quoted in news coverage*

# 04

# What's Next

The law is catching up, and the upside is real

# Coming in 2027: AI is not a person



## Bill request for the 2027 Regular Session

Filed by State Rep. Adrielle Camuel (D-Lexington), Sept. 2026

### AI is not a "person"

AI systems, algorithms, software, hardware and machines would not count as "persons" or "human beings" under Kentucky law.

### No "the AI did it" defense

Individuals could not avoid criminal responsibility by claiming an AI system carried out the unlawful conduct.

### What it means for counties

Whoever deploys the tool owns the outcome. That includes your office.

*Source: WKYT, Sept. 15, 2026*

# The upside: governed AI is already paying off

## 400,000+

**staff hours saved**

### Jacksonville, FL

Permit review waits cut from 33 to 19 days through AI and modernization.

## Pilot

**AI-assisted permitting**

### Louisville, KY

Partnered with Govstream.ai and appointed the city's first chief AI officer.

## $4B+

**fraud prevented or recovered**

### U.S. Treasury, FY2024

Including $2.5B stopped by flagging high-risk transactions and $500M by risk-based screening.

*Sources: GovTech, Nov. 10, 2026; Smart Cities Dive (Louisville); Nextgov, Oct. 2024 (U.S. Treasury)*

# Three decisions for every county



## Call back before you pay

Never change payment details from an email or a call. Call the vendor back at a number you already have.



## Agree on a code word

Set a code word for urgent requests from officials, so a cloned voice can't move money or data.



## Adopt an AI use policy

Spell out what staff can and can't use AI for. University of Kentucky and the City of Lexington already has one you can learn from.

*Want help with any of these? Find us after the session.*

# Questions?

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