

MODULE 6

# Governance & Regulation

Laws, Policy & Oversight

STUDY GUIDE

AI Ethics for Higher Education

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## 1 Self-Regulation Failed

Google's AI ethics board lasted one week (2019). Meta disbanded its Responsible AI team during 2023 layoffs. 167 organizations published AI ethics principles — none enforced them. OpenAI's safety board was overridden in 48 hours. The conflict of interest is structural.

## 2 EU AI Act (2024)

World's first AI law. Risk-based tiers: **BANNED** (social scoring, mass biometric surveillance), **HIGH RISK** (hiring, credit, law enforcement — mandatory audits), **LIMITED RISK** (chatbots — disclosure required), **MINIMAL RISK** (spam filters — no requirements). Fines up to 7% of global revenue.

## 3 The Brussels Effect

Any company serving EU customers must comply regardless of location. Just as GDPR became the global privacy standard, the AI Act may set global AI governance norms because companies won't build separate systems for each market.

## 4 U.S. Approach: No Federal AI Law

Patchwork of executive orders (revocable), voluntary commitments (unenforceable), agency guidance (limited authority), and state laws (inconsistent). NYC Local Law 144 is the first U.S. mandatory AI hiring audit law.

## 5 The Pacing Problem

AI capabilities evolve every 6-12 months. Legislation takes 3+ years. ChatGPT reached 100 million users in 2 months. By the time laws pass, the technology has transformed. No timing avoids both risks of regulating too early or too late.

## 6 Good Governance Mechanisms

What works: algorithmic impact assessments before deployment, mandatory independent auditing, incident reporting, affected community participation, right to explanation and appeal. The auditor and vendor must always be separate.

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