Higher Education Policymakers Are Focused on Preparing Students for AI. They Should Also Focus on Protecting Them

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Across higher education, workforce systems, and state governments, policymakers are increasingly focused on preparing students for a future shaped by artificial intelligence (AI).

Congress has examined how colleges can help build an "AI-ready America." Governors are exploring AI's implications for state economies, workforce development, and long-term economic competitiveness while colleges, universities, and employers are increasingly adapting to AI-enabled learning and work environments.

These conversations are important. As artificial intelligence advances, it is transforming education, accelerating workplace innovation, and redefining the skills needed for future careers. Higher education has a critical role to play in helping students navigate those changes.

But policymakers may be overlooking another question that deserves equal attention:

How will students be protected as AI becomes embedded throughout postsecondary education and training?

Higher education is still grappling with two related questions: how colleges and universities should use AI within their own institutions, and how they should prepare students for an increasingly AI-powered economy. Some colleges and universities are rapidly integrating AI into instruction, advising, and student services. For example, Georgia State University has expanded its use of AI-enhanced chatbots and predictive analytics to support enrollment, advising, persistence, and academic success, while large public systems such as SUNY are investing in systemwide AI initiatives focused on teaching, learning, and workforce preparation. Others are proceeding more cautiously, raising concerns about privacy, bias, academic integrity, learning outcomes, student well-being, and the environmental costs associated with increasingly resource-intensive AI systems. Some institutions have even restricted certain uses of generative AI for coursework and exams. For example, UC Berkeley School of Law recently adopted one of the most restrictive AI policies in higher education, prohibiting AI use for most work submitted for credit and banning its use in exams.

These debates are healthy. Yet students are increasingly likely to encounter AI throughout their educational and workforce journeys regardless of where institutions ultimately land. A Gallup-Lumina survey on student AI use found that generative AI has become routine for many college students, even as some institutions continue to restrict or discourage it. At the same time, EDUCAUSE research suggests that AI is already reshaping work across higher education institutions, affecting how faculty, staff, and administrators approach teaching, advising, and student support. Students are also increasingly likely to encounter AI through advising platforms, learning technologies, career services, and workplace tools long before policymakers have fully resolved questions about governance, accountability, and student protections.

The question is no longer simply whether colleges should use AI.

The question is what protections should exist when they do.

For federal and state higher education and workforce policymakers, three issues deserve particular attention: workforce readiness, the marketplace shaping AI adoption, and student protections.

Workforce readiness matters — but so does equitable access

Much of the current policy conversation is appropriately focused on workforce preparation.

The Bipartisan House AI Task Force, Jobs for the Future's AI-ready workforce agenda, and the National Governors Association's AI and Future of Work initiative all emphasize the need to prepare students and workers for a rapidly changing labor market.

But workforce readiness is about more than teaching students how to use AI.

Students will need more than technical proficiency; they will need AI literacy. The U.S. Department of Labor identifies AI literacy as a foundational workforce competency that will be increasingly important across industries and occupations. AI literacy includes the ability to critically evaluate AI-generated information, recognize misinformation, bias and deepfakes, understand AI's limitations, and ***exercise human judgment***.

A recent Strada survey supports this broader approach, finding that employers rated critical thinking and communication as more important than AI literacy for entry-level college graduates. AI readiness is not simply a technology issue. It is an economic mobility and educational opportunity issue. That raises an important equity question:

Who gets access to AI readiness?

Students at well-resourced institutions may have greater access to technology infrastructure, employer partnerships, and AI-integrated learning opportunities. Students attending under-resourced institutions such as community colleges, HBCUs, minority-serving institutions, rural institutions, and colleges serving large numbers of students from low-income backgrounds may face greater barriers. The Bipartisan House AI Task Force notes that many community colleges and minority-serving institutions face resource constraints that limit their ability to participate fully in emerging AI opportunities.

Without intentional policy action, AI could create a new divide in higher education, one where some students gain access to the skills, networks, and opportunities associated with an AI-ready workforce while others are left behind. Federal and state policymakers should ensure that AI readiness does not become the next opportunity gap.

Policymakers should pay closer attention to the marketplace shaping AI adoption

Perhaps the least discussed aspect of AI in higher education is the marketplace driving it.

Increasingly, colleges are acquiring AI through vendors, partnerships, technology companies, and workforce initiatives rather than developing these systems themselves. This is especially true for many institutions serving historically marginalized students.

AI is rapidly becoming embedded within learning management systems, tutoring platforms, advising software, enrollment management tools, student success products, workforce technologies, and student support services. Brookings recently observed many institutions that once focused on digital inclusion are now accelerating AI adoption through partnerships and technology investments. Large public systems, some of which have the resources to develop their own tools with privacy and equity in mind, are beginning to make AI-related decisions at scale as well. For example, the California State University system recently launched an AI initiative spanning its 23 campuses, focused on teaching, learning, workforce preparation, and faculty support.

AI is also beginning to influence accreditation and other processes that shape institutional quality and students' pathways through higher education. Existing accreditors have encouraged colleges to explore AI-assisted transfer-credit evaluation, while one would-be accreditor tied to former for-profit college executives has proposed replacing most in-person campus evaluations with virtual assessments and AI tools—raising concerns about whether automated reviews can capture institutional quality, educational context, and students' lived experiences.

These developments create opportunities. They also create governance challenges.

Higher education has seen this pattern before. From student lending and for-profit colleges to Massive Open Online Courses (MOOCs), online program management, and complex enrollment products, new technologies and business models have often created information gaps between providers and the students, families, educators, and institutions expected to navigate them.

Institutions frequently have limited capacity to evaluate complex technologies, while students often have even less visibility into how systems operate, what data they collect, or how decisions are made. Meanwhile, vendors may possess significantly more information than either institutions or the students affected by their products.

This is why governance matters.

Federal guidance and state frameworks are important. But procurement contracts are often where policy aspirations become enforceable. They can determine whether student data can be shared, whether vendors can use information to train models, whether institutions can audit systems, whether bias testing is required, whether accessibility standards apply, and whether students have meaningful recourse when harm occurs.

If policymakers want AI adoption to reflect principles of accountability, transparency, and equity, they must pay closer attention to the marketplace shaping higher education. Researchers and advocates can help explain AI tools and business models, identify who can act, and assess which policy approaches can drive meaningful change.

Student protections cannot be an afterthought

These marketplace dynamics matter because students increasingly interact with AI through systems they did not choose, cannot evaluate, and often do not fully understand.

These technologies may offer significant benefits, but they also raise important questions about privacy, transparency, bias, and accountability.

- Who has access to student data?
- Can student information be used to train AI systems?
- Are students informed when AI is influencing recommendations or decisions that affect them?
- What happens when an AI system produces inaccurate, biased, or harmful results?
- What recourse do students have when something goes wrong?

These concerns are not hypothetical.

A New America investigation of Maestro College found that students in AI-led programs struggled to reach human instructors and support staff, encountered inaccurate AI grading, and received limited information about how their Pell Grants were being used.

Recent cybersecurity incidents reinforce the stakes: a student telehealth data breach reported by The 74 exposed sensitive student information, while separate attacks involving Instructure's Canvas platform and Oracle's PeopleSoft software demonstrated how vulnerabilities in widely used third-party systems can put student data and essential campus operations at risk.

The Student Defense SHAPE AI initiative has called for stronger guardrails around transparency, accountability, and student rights in higher education AI systems. New America's work on privacy and student agency highlights how technology design decisions can directly affect students' autonomy and educational experiences.

These concerns are especially important for students from historically marginalized communities. As EdTrust CEO Denise Forte has argued, governance must begin by centering and listening to communities because AI systems risk reinforcing inequities. UNESCO similarly warns that insufficient governance and unequal access can exacerbate educational disparities.

For policymakers, this means privacy protections, transparency requirements, human oversight, bias monitoring, accessibility standards, and meaningful avenues for recourse should be central—not peripheral—to AI policy discussions.

The challenge ahead

Artificial intelligence has the potential to strengthen learning, improve student supports, expand workforce opportunities, and help institutions serve students more effectively. But those benefits are not guaranteed.

Without thoughtful policy, AI could deepen inequities, expose student data, automate flawed decisions, and concentrate power in systems that operate with limited transparency or accountability.

The goal is not to reject innovation, nor to assume that all AI adoption is inevitable or desirable. It is to ensure that students are protected regardless of how institutions and employers choose to engage with AI.

As federal and state policymakers continue to develop AI strategies, they should ask not only how higher education can help build an AI-ready America, but also whether students are adequately protected as that future takes shape.

AI's impact on higher education will not be determined by technology alone. It will be shaped by the policies, partnerships, protections, and accountability structures we build around it.

The challenge for policymakers is to ensure those structures expand opportunity rather than deepen inequities.