Artificial Intelligence

Navigating AI Integration and Compliance

Prepared for Midway ISD School Board
November 17, 2026

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Overview

AI Use Cases
Efficiency versus unmanaged risks - establish need for AI governance

DIR AI Code of Ethics Review
10 pillars explained

Required Board Actions
Requirements under 1 TAC 219

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AI Use Cases - *Midway ChatBot*



Helpful and Efficient

- Instant answers to frequently asked questions
- Frees up valuable time for staff

Governance Considerations

- ChatBot may "hallucinate" incorrect answers
- Are answers biased?
- Is the data entered in prompts shared with other entities, or used to train models?

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AI Use Cases - *Parsing Large Data Files*



Helpful and Efficient

- Analyze massive files in seconds
- Identify trends and patterns quickly
- Turn raw data into useful actionable insights

Governance Considerations

- Does the data file include Personally Identifiable Information (PII)?
- Does uploading the file violate FERPA laws?
- Can you trust the conclusions are accurate and unbiased?

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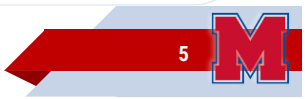
AI Use Cases - *"Vibe-Coded" custom software*

Helpful and Efficient

- Generate custom applications to address a specific needs
- Can create an application in minutes instead of months or years
- Reduced cost versus purchased applications

Governance Considerations

- What's really in the code?
- Does the app leave us exposed to cybersecurity vulnerabilities?
- When the app fails, who do you call for support?



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Need for AI Governance

Legislative Directive

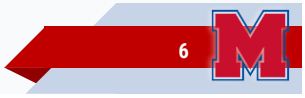
The 89th Legislature directed the Department of Information Resources (DIR) to create and adopt a statewide AI Code of Ethics to govern the use of AI in all state agencies (including schools)

DIR AI Code of Ethics

Established the AI Code of Ethics including 10 ethical pillars as governance standards

Local District Duty

School districts are required to formally adopt the DIR AI Code of Ethics and enact compliance framework to govern AI usage



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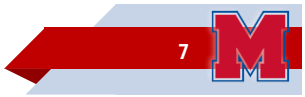
DIR AI Code of Ethics (1 of 10)

ETHICAL PRINCIPLES OF ARTIFICIAL INTELLIGENCE

1. HUMAN OVERSIGHT AND CONTROL — 1 TAC § 219.20(c)

Governmental entities must establish regular review intervals to maintain appropriate human oversight over AI systems based on the risk level of the AI system, align human oversight with the risk level of the AI system, and maintain administrative oversight and control over AI systems, including systems that can be paused, restricted, or disabled.

- *Humans maintain control. No automated system makes final decisions about students or staff without human sign-off.*



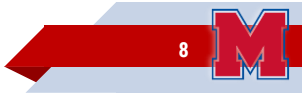
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DIR AI Code of Ethics (2 of 10)

2. FAIRNESS — 1 TAC § 219.20(d)

The data used to develop AI systems must adequately represent the subjects or people about which AI systems make judgments, decisions, or predictions. Incomplete or inaccurate data can result in unlawful harm. Governmental entities must ensure their use of AI systems does not infringe upon the legally protected rights and liberties of the individuals they serve or result in unlawful harm, and must implement data governance practices for AI systems throughout the AI system's lifecycle to ensure fairness.

- *AI tools must treat every student fairly, without bias, and without discriminating based on background or demographic.*



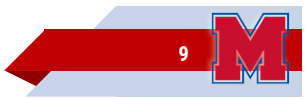
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DIR AI Code of Ethics (3 of 10)

3. ACCURACY **1 TAC § 219.20(e)**

While AI systems are overall improving in their ability to deliver more accurate results, inaccurate outputs remain a significant risk when using AI systems. Governmental entities must train their employees to understand the importance of verifying AI outcomes for accuracy, and must verify outcomes of AI systems for accuracy before taking consequential action based on the AI outcome.

- *Double-check everything. Staff must verify AI outputs for factual correctness before using them.*



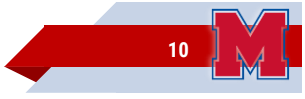
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DIR AI Code of Ethics (4 of 10)

4. REDRESS **1 TAC § 219.20(f)**

Providing a method for redress will promote public trust in both the AI system and in the entity that deploys it. Governmental entities must provide a mechanism to seek redress for those impacted when an AI system makes a consequential decision that results in unlawful harm about their rights or access to governmental services; must have a designated point of contact for individuals to address when seeking information about an unfair consequential decision; and must develop internal procedures to allow employees to identify and remedy negative impacts caused by the use of AI systems.

- *Clear appeal channels. If an AI tool impacts a student or employee, they have a right to challenge it.*



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DIR AI Code of Ethics (5 of 10)

5. TRANSPARENCY 1 TAC § 219.20(g)

Governmental entities must collaborate with developers of AI systems and demand transparency to understand how a system operates, the source of the data the system was trained on, and its intended use cases; must strive to understand the capabilities of the system and how it makes decisions; must disclose when individuals interact with a public-facing AI system and when an AI system is used to make consequential decisions about their rights or access to governmental services; and must never represent AI systems as human when interacting with the public.

- *Always inform parents and students when they are interacting with or affected by an AI tool.*

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6. DATA PRIVACY 1 TAC § 219.20(h)

Governmental entities must practice data minimization by ensuring that only necessary PII is used to develop, train, or operate AI systems; must review data to ensure PII is appropriately safeguarded prior to using data with an AI system; and must ensure employees are trained on privacy risks associated with entering PII into public or unapproved AI systems.

- *Protect student data. Never paste private student records, grades, or names into public AI tools.*

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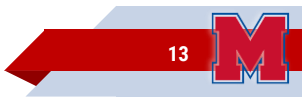
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DIR AI Code of Ethics (7 of 10)

7. SECURITY 1 TAC § 219.20(i)

Governmental entities must monitor, secure, and test AI systems to prevent or limit security attacks; and must demand that AI system providers disclose known vulnerabilities and resolutions in a timely manner to the governmental entities deploying those systems.

- *Cybersecurity compliance. Ensure AI software is hardened against cyber attacks and data leaks.*



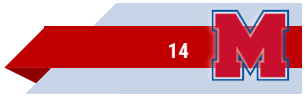
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DIR AI Code of Ethics (8 of 10)

8. ACCOUNTABILITY AND LIABILITY 1 TAC § 219.20(j)

Governmental entities must provide training to employees on how to use AI systems in an effective, safe, and ethical way; must ensure their vendors are contractually bound to these AI ethical principles and any relevant laws or regulations governing the use of AI systems; and must ensure AI systems they deploy comply with the legal obligations they have at both the state and federal level.

- *We must train our staff on safe use of AI systems. Vendors must be contractually bound to ethical AI principles.*



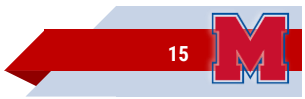
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DIR AI Code of Ethics (9 of 10)

9. EVALUATION 1 TAC § 219.20(k)

AI systems can change over time, as can the purposes for which they are used. Governmental entities must establish methods for regular evaluation of AI systems to ensure the systems provide ongoing benefit to the populations they serve; and must document such evaluations.

- *Continually assess deployed AI software to verify it still delivers value.*



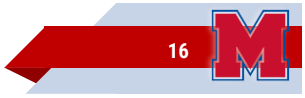
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DIR AI Code of Ethics (10 of 10)

10. DOCUMENTATION 1 TAC § 219.20(l)

Documentation provides a critical element for managing AI risk. Governmental entities must maintain documentation related to the AI system, including data sources and modifications to the AI system throughout the system's lifecycle.

- *Maintain clear written logs of what AI tools we use and how they operate.*



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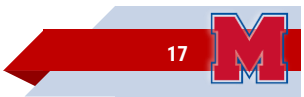
Heightened Scrutiny AI (HSAI)

Districts are required to evaluate AI systems by their capabilities and determine if they qualify as HSAI

- Texas Gov Code §2054.003 & TAC 219

An AI tool is considered to be HSAI when it:

- Is designed to automatically make, or be a controlling factor in making, consequential decisions (e.g., grades, discipline, job status)
- Is Public-facing (e.g., chatbot on external website)



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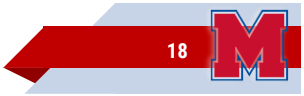
Heightened Scrutiny AI (HSAI)

HSAI does *not* include an AI system intended to:

- Perform a narrow procedural task (e.g., auto-filling forms or procedural workflows)
- Improve the result of a previously completed human activity (e.g., spell check or grammar suggestions)
- Perform a preparatory task to an assessment relevant to a consequential decision (e.g., research or lesson planning)

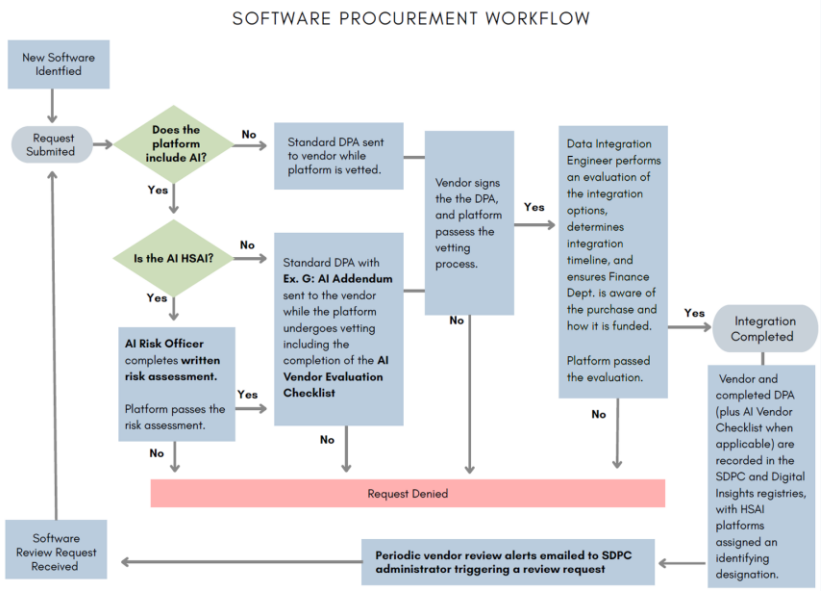
If an AI system is determined to qualify as HSAI:

- The AI Risk Officer must execute a formal technical Risk Assessment
- Evaluate for security, performance, and transparency
- AI Vendor Vetting & Evaluation Form is in tonight's consent agenda



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Updated Software Procurement Workflow



Updated to include:

- Is AI involved?
- Does it qualify for increased scrutiny?
- AI Risk Assessment
- AI Addendum to standard DPA

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AI Risk Assessment

What's included in an AI Risk Assessment?

Part I & IIa: Non-Negotiables
FERPA/COPPA, US data storage, SOC 2/TX-RAMP, zero-model-training guarantee.

Part IIb & Sec 1a: HSAI Review
Walkthrough logic, technical risk assessment (data poisoning, model exfiltration, encryption).

Part III: Pedagogy Alignment
Evaluates TEKS alignment, human override capability, and explainability.

Part IV & V: Designation & Notice
Renders status (Approved, Pilot, Denied) and mandates TAC 219.11 public notice.

* This vetting protocol is intentionally provisional.
As AI technologies, state legislation, DIR guidelines, and cybersecurity threat vectors evolve rapidly, this evaluation framework will be refined.

* This process does not establish or dictate appropriate classroom AI usage.

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Required Actions

Pursuant to 1 TAC 219

- Adopt the DIR AI Code of Ethics
- Designate an AI Risk Officer to oversee compliance and conduct risk reviews
- Approve AI Vetting Process and AI Addendum for existing TX-NDPA

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Thank you!
Questions?

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