AI Industry Update From Washington

Nikhil Dhingra, Director at the Vogel Group

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The Vogel Group is an international government affairs and consulting firm headquartered in Washington, D.C. serving companies, associations, and asset managers around the world.

We help clients understand and influence the policy, legislative and regulatory landscapes at both the federal and state level. Our firm provides strategic counsel and government affairs support in managing, measuring, and capitalizing on government risk.

Nikhil Dhingra
Director

Nikhil Dhingra is a Director at the Vogel Group, where he advocates on behalf of a variety of clients on policies related to the manufacturing, technology, energy, defense, and small business sectors.

Nikhil has had extensive experience developing coalitions within the U.S. House of Representatives and U.S. Senate. He also works routinely with federal agencies to navigate business risks and market opportunities for clients.

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The White House
Biden Administration EO on Artificial Intelligence

- In October 2023, [President Biden released his long-anticipated EO on Artificial Intelligence](#)

- Despite minimal regulatory impacts, the EO kickstarted Biden's efforts to address the rapid pace of AI development after record investments following the public release of ChatGPT in November 2022

- The EO focused on preparing agencies to address the most pressing issues that are predicted to stem from AI, such as:
  - Standards to address AI safety & security
  - Consumer privacy protections
  - Equity & Civil Rights
  - Safeguards for domestic employees
  - Promotion of innovation & competition

The White House
Biden Administration EO on Artificial Intelligence

- Following this EO, agencies were required to implement directives that create opportunities & implement guardrails within the AI marketplace

- Key requirements that will impact the private sector, some of which have already been met, include:

Office of Management & Budget (OMB):

- **150 Days**: Issue guidance to agencies to strengthen the effective and appropriate use of AI.

- **60 days:** Develop a mechanism for federal agencies to assess their ability to adopt AI into their programs.

Department of Health & Human Services (HHS):

- **90 Days**: Create an HHS AI Task Force that must, within 365 days, develop a plan for responsible deployment and use of AI and AI-enabled technologies.

- **365 Days**: Create a task force to develop a strategic plan on the responsible use of AI, with a focus on generative AI.

General Services Administration (GSA):

- **30 Days**: Prioritization of funding for AI projects, particularly generative AI, for the Technology Modernization Fund (TMF) for at least one year.

Small Business Administration (SBA):

- Work to support small businesses innovating and commercializing AI by determining how existing programs support expenses by small businesses related to the adoption of AI.

The White House
Biden Administration EO on Artificial Intelligence

- In April 2024, Biden provided a [progress report on this EO](#) to mark its six-month anniversary, which showcased the Administration's success in:
  - Utilizing the Defense Production Act (DPA) to compel AI systems to provide vital safety & testing information to the Department of Commerce
  - Proposing a draft rule to increase reporting of U.S. cloud companies who provide computing power for foreign AI training
  - Developing AI safety & security guidelines for critical infrastructure providers
  - Publishing draft regulations to manage & secure generative AI & dual-use foundation model risks
  - Deploying pilot AI technologies to identify vulnerabilities in defense-focused software systems
  - Establishing principles to ensure that AI deployment empowers workers
  - Releasing guidance affirming that existing prohibitions on housing discrimination apply to AI technologies

The White House
Biden Administration EO on Artificial Intelligence

- To avoid a repeat of the massive stagnation in chip production that enabled China to lead in semiconductors, Biden's proposed guardrails are coupled with efforts to invest in AI innovation & competition

- In 2023, China's AI market size was already valued at $29 billion – if Biden wants the U.S. to pave the way for the latest technology boom, he **must** ensure that both the federal government and the private sector are prepared to compete

- To support this effort, President Biden has established the AI and Tech Talent Task Force, which has hired over 150 industry professionals to advance critical AI policy priorities as it relates to adoption across the federal government

- To stimulate private sector AI development, Biden has also:
  - Launched the National AI Research Resource within the National Science Foundation (NSF) to develop a national infrastructure to access open & proprietary AI models and related resources to researchers & students
  - Launched an AI Talent Surge to accelerate the hiring of AI professionals across the federal government
  - Announced funding for AI-focused Regional Innovation Engines within the NSF
  - Issued guidance on skills-based hiring to increase access to federal AI positions
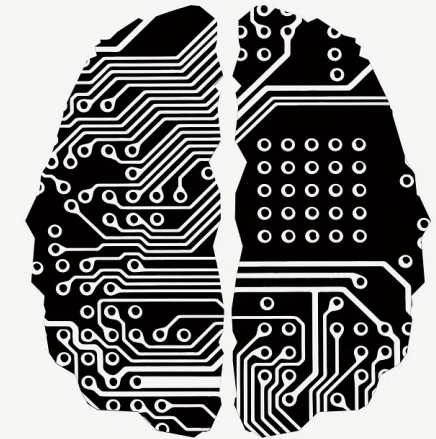
The White House
Analysis & Looking Ahead

- With [McKinsey reporting that](#) over 40% of businesses plan to integrate AI into their operations, Biden will focus on mitigating AI bias for minorities & underserved communities

- Biden kickstarted this effort prior to his AI EO, having published an [AI Bill of Rights](#) in December 2022 to protect against algorithmic discrimination through the development of safe & effective AI systems

- In addressing algorithmic bias, expect the Administration to focus on how racial disparities within the healthcare system have been exacerbated via the usage of AI by insurance providers
  - As part of HHS' efforts to implement the Biden AI EO, Secretary Xavier Becerra [plans to explore](#) how algorithmic systems used to determine federal benefits can ensure "equitable and just outcomes" for patients

- On March 28, 2024, Biden [expanded upon these efforts](#) via a government-wide policy issued by the Office of Management & Budget (OMB) requiring **all agencies to hire Chief AI Officers & implement "concrete safeguards" by December 1st**
  - According to senior officials within the Administration, these measures, which were developed in partnership with industry stakeholders, would prioritize rigorous testing requirements for high-risk systems

The White House
Analysis & Looking Ahead

- As deepfake usage has [more than doubled](#) from 0.6% to 2.6% between 2022 and 2023, President Biden will also focus on minimizing the impact these technologies will have on the upcoming election

- Crucially, with both parties united against Big Tech, Biden will need to demonstrate his ability to rein in Tech CEOs as they seek to monopolize the ever-growing market of generative AI technologies
  - While President Biden's meeting with the CEOs of Amazon, Anthropic, Microsoft, and Open AI [last May](#) highlighted ever-growing concerns surrounding safety, security, & privacy amongst consumers, there was little discussion surrounding how Big Tech will ensure that new market participants can enter the AI industry

- **Expect increased pressure on Biden to crack down on unchecked AI development among major tech companies**

- As the White House plans to hire 100 additional AI-focused employees this summer, Biden will continue to **showcase the Administration's effort to impose safeguards on AI** amidst growing public concern during an election year

118th Congress on AI
Overview

- In Congress, the Senate has driven legislative action on AI regulations

- Senate Majority Leader Chuck Schumer (D–NY) has established a Bipartisan AI Working Group to explore how Congress should approach the opportunities & risks posed by AI
  - The group also consists of Sen. Mike Rounds (R–SD), Sen. Todd Young (R–IN), and Sen. Martin Heinrich (D–NM)

- In the House, lawmakers are stuck in the "education & awareness" phase
  - In February 2024, the House launched its Bipartisan AI Task Force to formalize its AI oversight efforts – the group will produce a comprehensive report containing policy recommendations & proposals to drive the industry forward & protect against technological harms
  - The task force, whose 24 Members are evenly split between Democrats and Republicans, is led by Reps. Ted Lieu (D–CA) & Jay Obernolte (R–CA)

- Prior to the announcement of its AI Task Force, many of the bills introduced in the House mirrors the scope of the National AI Commission Act (H.R. 4223), which would establish working groups to provide policy recommendations and proposals but does not go far enough to impose standards on private sector stakeholders

- In contrast, the Senate has already paved the path for concrete proposals to institute guardrails on AI, such as the AI Research, Innovation, and Accountability Act (S.3312)
  - The bill, endorsed by major players such as the Information Technology Industry (ITI) Council and IBM, would establish clear definitions for AI terminology, formalize a system for risk management assessment & reporting, and establish a process to certify critical-impact AI systems via the Department of Commerce

118th Congress on AI
Overview – SAFE Innovation vs. Blumenthal-Hawley Framework

- In June 2023, shortly after the formation of the Bipartisan AI Working Group, Schumer debuted an AI regulatory blueprint titled "SAFE Innovation Framework"

- The white paper aims to provide a structure for lawmakers to best in rapid AI development by advancing policies aligned with the following five principles:
  - Security – Safeguard national security concerns surrounding AI & better understand its usage by foreign adversaries to ensure economic security for domestic workers
  - Accountability – Support responsible deployment of AI systems that account for misinformation, bias, and intellectual property concerns
  - Foundations – Ensure that AI systems comply with election security provisions & serve as a guidepost for international usage that combats Chinese influence
  - Explain – Identify & collect necessary information from private stakeholders, for federal & public usage, on systems, data, and content of AI technologies that can inform guiding principles
  - Innovation – Promote domestic AI innovation to maintain American leadership while promoting advancements in security, transparency, and accountability

- Shortly afterward, Sen. Richard Blumenthal (D-CT) & Sen. Josh Hawley (R-MO) released a counterpart AI regulatory framework in September 2023, which focuses on:
  - Establishing a licensing regime overseen by an independent AI regulatory body
  - Legal accountability for companies whose AI models breach privacy, civil rights, or related harms to consumers
  - Utilizing export controls, sanctions, and related restrictions to prevent the usage of advanced AI models & related components in human rights violations by foreign adversaries
  - Private sector transparency requirements on training data, limitations, accuracy, and safety of AI models
  - Consumer protection, with a focus on minors, through enhanced safety requirements for high-risk AI systems

118th Congress on AI
Senate Democrats

- In the Senate, Democrats have led the charge on AI regulation under the direction of Majority Leader Schumer alongside Members such as:
  - Sen. Martin Heinrich (D-NM)
  - Sen. John Hickenlooper (D-CO)
  - Sen. Richard Blumenthal (D-CT)
  - Sen. Amy Klobuchar (D-MN)

- Key issue areas that have taken top priority for Senate Democrats include:

1. Election Disinformation –Poll Worker Safety & Deepfake Usage
   - "We are very concerned about what we have seen in just snippets of ads and videos that have gone out that attack candidates on both sides of the aisle, but they are complete deep fakes and not the actual candidate and you can't even tell it's not the candidate," Rules Committee Chair Amy Klobuchar (D-MN) said.
   - "We are potentially less protected as we go into 2024 in terms of the security of our elections than we were in 2020," Sen. Mark Warner (D-VA), Chairman of the Senate Intelligence Committee, stated.
   - "We don't need to look very hard to see how AI can warp our democratic systems: this year we've already seen instances of AI-generated deep-fakes and misinformation reach the voters," Senate Majority Leader Chuck Schumer (D-NY) stated.

2. Preventing Algorithmic Bias – Privacy, Security, & Discrimination in AI Platforms
   - Algorithmic Accountability Act (S.2892 / H.R. 5628) – Sen. Cory Booker (D-NJ) & Sen. Ron Wyden (D-OR) – Requires impact assessment to Federal Trade Commission (FTC) that details "differential performance" of AI systems that make decisions based on race, gender, & related criteria
     - "AI is making choices, today, about who gets hired for a job, whether someone can rent an apartment and what schools someone can attend," Wyden said in a statement. "Our bill will pull back the curtain on these systems to require ongoing testing to make sure artificial intelligence that is responsible for critical decisions actually works."
   - Eliminating Bias In Algorithmic Systems (BIAS) Act (S.3478) – Sen. Ed Markey (D-MA) & 6 Senate Democrats – Requires agencies utilizing AI technologies to establish civil rights offices that address algorithmic bias
     - "From housing to health care to national security, algorithms are making consequential decisions, diagnoses, recommendations, and predictions that can significantly alter our lives," Markey said in a statement.

118th Congress on AI
Senate Democrats

- More broadly, recent hearings in the Senate Judiciary Committee & Senate Commerce, Science, & Transportation Committee, the two committees with the most direct jurisdiction in regulating the AI industry, suggest that Senate Democrats are broadly concerned with the following issue areas:

1. Deepfakes & Election Disinformation
   - Sen. Amy Klobuchar (D-MN) has been an outspoken advocate of deepfake protections to preserve election integrity, having [introduced legislation with Rep. Clarke that would require watermarks for AI-generated content in political advertisements](#)
   - Commerce Chairwoman Maria Cantwell's (D-WA) top priority is tackling information abuse caused by deepfakes, which she feels can be addressed through increased oversight from DARPA

2. Civil Rights & Privacy Violations
   - Sen. Ben Ray Lujan's (D-NM) attention is focused on how AI-generated misinformation impacts non-English speakers, having introduced the [LISTOS Act](#) to increase non-English investment in multi-lingual LLMs
   - Sen. Mazie Hirono (D-HI) highlighted how AI-generated misinformation during the Maui wildfires impacted vulnerable communities, underscoring the need to address disinformation broadly

3. Establishment of an Independent Oversight Agency on AI Issues
   - Sen. Richard Blumenthal (D-CT) proposed an AI framework that would create an independent oversight body with AI expertise to administer & enforce relevant statutes
   - Sen. Michael Bennet (D-CO) [wrote to Schumer following a September 2023 AI Forum](#) to call for an independent AI regulator that can "keep pace with innovation and write rules that adapt to new technologies as it develops"
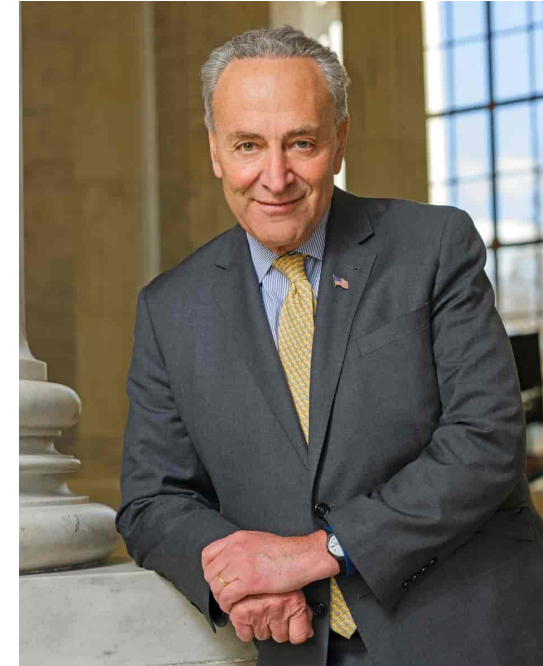
118th Congress on AI
Senate Republicans

- In a rare show of bipartisanship, Senate Republicans have worked hand-in-hand with Democrats to draft legislation on issues including licensing concerns, CCP interference in elections, and deepfake protections

- Key players in the Senate Republican Conference leading the charge in AI-related issues include:
  - Sen. Todd Young (R-IN)
  - Sen. Marsha Blackburn (R-TN)
  - Sen. Mike Rounds (R-IN)
  - Sen. John Thune (R-SD)
  - Sen. Josh Hawley (R-MO)

- A majority of AI-focused proposals introduced by Senate Republicans have been bipartisan, ranging from issues including misinformation, transparency & licensing requirements, and bolstering AI defense capabilities

- Some Senate Republicans believe that existing statutes & regulatory structures may be able to address some of the dangers posed by AI
  - "Many of these laws we have merely need to be applied to current and future circumstances," Sen. Todd Young (R-IN) said. "That's going to require ongoing vigilance from the agencies."

- Senators have also emphasized the need to effectively compete with China, particularly as its AI investments are expected to reach $38.1 billion by 2027
  - "It is so sensitive to us that we remain a leader in terms of the high-speed technology available in the most advanced chips that we measure our spread from us versus our near-peer adversaries in...months," Sen. Mike Rounds (R-IN) said.

118th Congress on AI
Senate Republicans

- Based on recent hearings in the Senate Judiciary Committee & Senate Commerce Committee, Republicans are focused on the following issue areas:

1. Promoting Innovation To Ensure Strategic Competitiveness with China
   - Sen. Hawley [released a framework with Sen. Blumenthal](#) that, amongst other proposals, would impose export controls & sanctions to limit the transfer of advanced AI models
   - Sen. Blackburn expressed concerns that China's rapid development of AI could be utilized to enhance the CCP's surveillance efforts, particularly among Uyghur Muslims

2. Coverage of Existing Laws & Statutes To Address AI-Focused Concerns
   - Sen. Young believes that the federal government must hire AI experts to understand how to apply existing statutes to emerging threats using the following litmus test: "Does existing law address any potential vulnerability that we are concerned about?"
     - Young has similarly applied this logic to [his legislative efforts within Schumer's AI Working Group](#)

3. Data Privacy Concerns Amongst Consumers of AI Technologies
   - Sen. Jerry Moran (R-KS) felt doubts over debating AI regulations prior to passing comprehensive data privacy legislation, citing an NDAA amendment he proposed to require federal agencies to utilize [NIST's AI Risk Management Framework](#)
   - Sen. Blackburn cited her [bipartisan data privacy legislation](#) as an example of laws that must be modernized to address the growing concerns posed by AI development

118ᵗʰ Congress on AI
Bipartisan – Senate

- It is worth noting that, while each party has honed in on preventing various AI pitfalls amidst rapid development, both Senate Democrats & Republicans share common ground on numerous key issues

- Across both sides of the aisle, Senators agree that the NIST AI Risk Management Framework must not only be enforceable but expanded
  - Senators concurred that the expansion of this framework must begin by requiring impact assessments & licensing certifications for high-risk AI systems impacting critical infrastructure

- Senators also agree that consumer trust is essential to enable Americans to effectively identify when either a given system or content is generated by AI

- Broadly, Senate Democrats & Republicans have introduced over 20 bills, largely bipartisan, seeking to address the following risks posed by AI:
  1. Critical Infrastructure AI Systems
  2. Transparency & Privacy Protections for Consumers
  3. Licensing Rights & Intellectual Property Issues
  4. Deepfakes & Election Disinformation
  5. Workforce Protections
  6. Strategic Competition with China

118ᵗʰ Congress on AI
House Democrats

- While the House lags behind the Senate on AI legislation, the viewpoints of key Democratic leadership within the Congressional AI Caucus and the Bipartisan AI Task Force include:

1. Rep. Ted Lieu (D-CA), *Co-Chair of the Bipartisan AI Task Force*
   - Introduced bipartisan bill to establish "blue-ribbon" commission of AI experts to advise Congress
   - Supports federal funding to government research centers to promote a better understanding of AI safety, risks, & innovation

2. Rep. Anna Eshoo (D-CA), *Co-Chair of the Congressional AI Caucus*
   - Introduced the bipartisan Protecting Consumers from Deceptive AI Act (H.R. 7766) to establish standards for identifying and labeling AI-generated content and requiring disclosures from AI software developers
   - Key legislative goals include establishing a national AI resource for safe & trustworthy systems, strengthening safeguards on social media companies amplifying harmful content, and better understanding how AI can be used to develop potential bioweapons

3. Rep. Don Beyer (D-VA), *Vice Chair of the Congressional AI Caucus*
   - Actively pursuing a Masters Degree in Machine Learning from George Mason University, as one of the Members of Congress most adept in AI
   - Remains skeptical of the premise that an independent AI regulatory body is needed, believing that NIST holds sufficient jurisdiction

4. Rep. Ro Khanna (D-CA), *Introduced Bipartisan Five Eyes Framework on AI Oversight & Regulation*
   - Interested in AI impacts on workforce protections, with plans to introduce bills to increase incentives for employee engagement in private sector AI adoption
   - Raised concerns about AI's potential to erode the "earnings and security of the working class," calling for workers to have profit-sharing, guardrails, and a seat at the table

5. Rep. Derek Kilmer (D-WA), *Head of New Dems AI Working Group*
   - Co-led letter with 38 New Dems requesting assurances that the White House coordinates inter-agency AI regulation, prioritizes diversity, and invests in upskilling American workers via Biden's recently issued EO on AI

6. Rep. Gerry Connolly (D-VA), *Ranking Member of Subcommittee on Cybersecurity, Information Technology, and Government Innovation within House Oversight Committee*
   - Believes that additional funding for DARPA and NSF is essential to develop tools to identify & combat harmful deepfakes
   - Supports increased resources to understand breakthrough R&D developments & civil rights protections for workers impacted by AI adoption

118ᵗʰ Congress on AI
House Republicans

- On the Republican side, the viewpoints of key leadership figures within the [Congressional AI Caucus](#) and the [Bipartisan AI Task Force](#) that have showcased leadership & expertise on AI-focused legislative issues include:

1. Rep. Jay Obernolte (R-CA), *[Co-Chair of the Bipartisan AI Task Force](#)*
   - [Congressional leader](#) in technological regulations, having obtained a Masters in AI from UCLA & currently serving as an executive for video game developer FarSight Studios
   - Seeking to contrast recent heavy-handed AI risk management proposals in the EU, which he believes are "creating a bunch of new regulations that...don't do anything to protect from potential harms, and that has the unfortunate consequence of hindering innovation"
   - Aims to encourage & promote AI's potential benefits to support the American workforce – "I believe AI is the next big catalyst that will create a rising wave of prosperity that literally lifts all the boats"

2. Rep. Michael McCaul (R-TX), *[Co-Chair of the Congressional AI Caucus](#)*
   - [Focused on expanding investments in AI & quantum computing](#) to increase strategic competition with China via defense-based AI applications & cybersecurity protections
   - [Seeking to collaborate with the Commerce Department](#) to end American exports of AI technology to China, urging U.S. companies to undertake stringent IP protections

3. Rep. Rob Wittman (R-VA), *Vice Chair of the House Armed Services Committee*
   - [Has been outspoken about establishing guardrails](#) for AI-generated misinformation following falsified campaign video of Wittman pledging military support for Taiwan
   - [Supports the establishment of a DoD Joint Autonomy Office](#) that would expedite the development & deployment of autonomous systems to enhance U.S. military operations

4. Rep. Neal Dunn (R-FL), *Bipartisan AI Task Force Member*
   - [Strongly believes that America must maintain global competitiveness](#) in AI innovation & enhance cybersecurity measures to meet rising threats from foreign actors
   - [Co-led](#) bipartisan Protecting Consumers from Deceptive AI Act ([H.R. 7766](#)) to require AI-generated content disclosures and develop robust identifying & labeling standards

5. Rep. French Hill (R-AR), *Co-Lead [of Bipartisan Working Group on Artificial Intelligence](#) within House Financial Services Committee*
   - [Utilizing leadership role](#) to engage with private sector stakeholders on the potential impact of AI in insurance, investment property, banking, and housing-related businesses
   - [Previously led Financial Services Task Force on AI](#), where he sought to explore the impact of algorithmic-driven lending and AI's potential to displace the domestic workforce

6. Rep. Darrell Issa (R-CA), *Chairman of Subcommittee on Courts, Intellectual Property, and the Internet within House Judiciary Committee*
   - [Working to draft legislation](#) to limit patent, trademark, and copyright protections for AI-generated content, with guidelines for minimum human input into a given creation
   - As a former technology executive, [Rep. Issa prioritizes](#) AI regulations that prevent disinformation, align cybersecurity standards with the private sector, tackle copyright and IP concerns related to AI software platforms, and address next-generation criminal schemes from both domestic & foreign actors

118th Congress on AI
What's Next for AI Policy?

- Across the D.C. ecosystem, all eyes are on Senate Majority Leader Schumer's strategy to advance comprehensive AI legislation in the chamber
  - Schumer has tapped multiple committee chairs to introduce AI proposals "in a staggered fashion" rather than hedging his bets on the passage of a comprehensive bill

- With April Recess behind us, expect the Bipartisan AI Working Group to begin marking up AI bills in committee
  - Sen. Young had previously pledged this would take place "in March or April"

- Expect the House's Bipartisan Task Force on AI to pick up the pace on both industry panels & policy proposals in anticipation of the Senate's movement on AI proposals
  - Rep. Clarke recently stated that the task force will produce its first report of insights & recommendations by the end of this year

- However, given a slim Republican majority in the House & the ever-looming presidential election, do not hold your breath on any AI legislation reaching the President's desk
  - Sen. Mike Rounds (R–SD), a leader of the Bipartisan AI Working Group, stated that the 119th Congress would be the soonest to expect any substantial progress on major AI legislation

- Nonetheless, as Senators on both sides of the aisle have highlighted, comprehensive data privacy protections may serve as a first step to safeguarding consumers from the risks posed by AI
  - Following the release of a landmark data privacy package from Senate Commerce Chair Cantwell (D–WA) & House E&C Chair McMorris Rodgers in April 2024, the bill has already been widely embraced by the tech industry
  - Cantwell & Rogers are racing to pass the package before the end of the 118th Congress, with committee aides indicating that the 140-page discussion draft will be formally introduced shortly

- While the short legislative calendar will likely lead to many of these AI proposals serving as a blueprint for the 119th Congress, Members are using the remaining in-session period to educate themselves on the ever-changing dynamics of this technology
  - As a result, **engagement with lawmakers on these issues is crucial** to ensure a comprehensive understanding of both AI & its risks

Department of Commerce
National Institute of Standards & Technology (NIST)

- On January 26, 2023, NIST recently formed Trustworthy & Responsible AI Resource Center released its "AI Risk Management Framework," a landmark guide for how to effectively manage risks in the development & deployment of AI systems

- The voluntary framework, which has received bipartisan praise & widespread support from industry stakeholders, recommends that organizations undertake four steps to effectively mitigate AI risks:
  - **Govern** – Development of core principles & framework, establishing oversight roles & ongoing monitoring & review processes, to institute a safety-first risk management strategy to deploy trustworthy AI systems, account for feedback, and mitigate threats posed by third-party systems
  - **Map** – Outline structure to oversee the framework's deployment that identifies & proactively mitigates risk through clear definitions and documentation on the norms & expectations, costs & benefits, human oversight, legal risks, and internal processes of the system
  - **Measure** – Utilize quantitative & qualitative methodologies to analyze, assess, monitor, and address AI risks related to trustworthiness, social impact, human-AI configuration, and related components identified in "Govern" & "Map"
  - **Manage** – Develop & implement a plan to respond to, recover from, and communicate incidents & events while proactively ensuring that the system meets its intended goals & objectives through external feedback that results in continuous improvements

- Looking ahead, NIST seeks to build on this framework through conversations on AI with industry stakeholders, workshops, public working groups, and educational programs

- **NIST continues to seek public feedback** on how to support the safe, secure, and trustworthy deployment of AI, having released an RFI in December 2023 to develop guidelines for evaluation, testing environments, and related issues in line with Biden's EO

Department of Commerce
National Institute of Standards & Technology (NIST)

- Coupled with President Biden's six-month progress report on his AI EO, [NIST released four draft publications](#) in April 2024, which are **open to feedback from the public**, to:
    - Identify & propose risk management strategies that address the unique challenges posed by generative AI
    - Identify & mitigate threats from training data & data collection processes used to develop generative AI
    - Promote digital content transparency by improving provenance & detection of "synthetic" content
    - Develop & implement global AI standards, coordination, and information-sharing practices

- NIST also announced a new evaluation program & challenge series titled [GenAI](#), which will serve as a platform for testing & evaluation of generative AI technologies developed by the global research community to inform the recently launched [NIST AI Safety Institute](#)
    - Through this consortium, which is comprised of the largest players in the AI industry, the Institute seeks to collaborate with domestic & international allies to create:
        - Interoperable guidance that "levels the playing field" on AI regulation for tech companies
        - Collaboration to support technological developments & scientific discoveries that lead to the advancement of AI technologies

- Looking ahead, expect NIST **to prioritize data collection** from the private sector to mitigate AI risks that will directly **inform future guidance from Commerce**

- NIST will also utilize these draft publications to **inform future rulemaking on generative AI safeguards –** key identified risks that Congress has sought to address include:
    - Obscene, Degrading, and/or Abusive Content
    - Chemical, Biological, Radiological & Nuclear (CBRN) Information
    - Data Privacy
    - Intellectual Property
    - Human-AI Configuration
    - Information Security

Department of Commerce
National Telecommunications & Information Administration (NTIA)

- NITA has been diligently exploring the intersections between AI and telecommunications, having released a landmark [AI Accountability Policy Report](#) in March 2024

- The report makes eight key policy recommendations on some of the most pressing issues facing AI:
  1. Establishment of guidelines for AI audits & auditors
  2. Improvement of standard information disclosures
  3. Application of existing liability rules & standards to AI systems
  4. Invest in necessary resources to facilitate independent evaluations of AI systems
  5. Develop & distribute resources to assess when an AI system is used, the datasets used to train the model, and its capabilities & limits
  6. Require independent audits & regulatory inspections of high-risk AI models
  7. Strengthen federal capacity to address AI risks via registries of high-risk AI systems & related incidents
  8. Require strong AI governance & assurance practices for federal suppliers, contractors, & grantees

- NTIA also [gathered public opinion](#) on the potential benefits & risks of open-weight AI models, which increase access to AI technologies for small businesses & non-for-profits by enabling developers to build upon their previous work

- Looking ahead, expect Commerce to issue **proposed rules based on the recommendations within this report**

Department of Defense
Chief Digital and Artificial Intelligence Office (CDAO)

- The CDAO, initially announced in December 2021, represents a consolidated effort between the Chief Data Officer, Joint Artificial Intelligence Center, Defense Digital Service, and the Advancing Analytics Office

- The office was established to set the policies, guidelines, & framework for how AI can be integrated to enhance American military capabilities

- Following Biden's AI EO, the CDAO published an updated AI strategy focused on modernized datasets, improved infrastructure, and increased private-sector collaboration

- In its first year, CDAO laid out five strategic initiatives that will shape the DoD's AI integration:
  - Digital talent management
  - Improved data quality
  - AI/ML scaffolding
  - Business performance metrics
  - Combined Joint All-Domain Command & Control System

- In April 2024, Dr. Radha Plumb, a former executive at Google, RAND, & Facebook, was named the new CDAO head

- In a 2023 interview with CIS, Plumb expressed strong concerns about how China's nexus of AI & military investments could be utilized to further the CCP's autocratic interests
  - Plumb's role takes on newfound importance amidst reports of China's intention to double its AI investments to $27 billion by 2026

- Looking ahead, expect Plumb to facilitate wide-scale investments in AI defense capabilities to counter China
  - As the former Deputy Under Secretary of Defense for Acquisition and Sustainment, Plumb underscored the need to develop & scale new technologies, reduce integration barriers, & increase DoD acquisition personnel

Department of Defense
Defense Advanced Research Projects Agency (DARPA)

- AI, machine learning, and autonomous programs have taken a newfound importance at DARPA, representing approximately 70% of the agency's active programs
  - Amidst concerns of foreign adversaries advancing AI investments, DARPA has increased investments to avoid a "strategic surprise"

- To encourage continued innovation, DARPA has also launched an Artificial Intelligence Cyber Challenge to utilize generative AI models to detect & address vulnerabilities in open-source software

- Recently, DARPA's AI interests have focused on combatting the threats posed by deepfakes; Members of Congress on both sides of the aisle have praised DARPA's breakthroughs in this space

- The agency's Semantic Forensics (SemaFor) and Media Forensics programs have developed hundreds of analytics & methods to assist organizations in effectively identifying deepfake media
  - To advance these efforts, DARPA launched an analytic catalog of open-source resources for academic exports

- As of March 2024, DARPA announced the AI Forensics Open Research Challenge Evaluation (AI FORCE) to facilitate the development of innovative machine-learning technologies to identify deepfakes
  - AI FORCE will utilize a series of challenges to encourage participants to build models that can delineate between authentic and AI-generated content

- As Congress struggles to make progress on AI oversight in a critical election year, expect DARPA to take an **outsized role in regulating deepfake usage**
  - DARPA's expertise in developing effective countermeasures against deepfakes position the agency as one of the few solutions to address growing concerns surrounding election disinformation

Department of Health & Human Services (HHS)
HHS AI Deployment Strategy

- Similar to NIST, HHS released a "[Plan For Promoting Responsible Use of Artificial Intelligence in Automated and Algorithmic Systems](#) in tandem with the Administration's AI EO progress report

- The report, published in response to a mandate within the AI EO, seeks to prepare state, local, and tribal governments (STLTs) to utilize AI-powered systems **within 2-3 years**

- This plan, which contains non-binding recommendations for STLTs, is meant to serve as a guidebook for these stakeholders & their respective technology vendors to:
  - Guide how to identify, procure, develop, oversee, & manage AI in public benefits & services administration
  - Detail HHS' plans to engage with STLTs on support mechanisms in the deployment of tailored policies & practices for the usage of AI technologies in these settings

- HHS encourages STLTs to utilize the extensive opportunities AI provides to streamline the benefits administration process via enhancements to user-facing applications, processes to improve the experience of applicants & recipients, and streamlining administrative & operational functions

- Key opportunities identified within this report include:
  - Access – Increasing accessibility to underserved communities facing barriers to enrolling & utilizing public benefits
  - Efficiency – Streamlining transaction processing & public response time to reduce administrative burdens for service provider staff
  - Effectiveness – Advancing compliance assessments & eligibility determinations coupled with enhancements to program & benefits design, integrity, and risk monitoring
  - Customer Experience – Personalizing & understanding customer feedback, easing burdens to user identifications, modernizing response times to applications & eligibility, and providing rapid & accurate information on program & eligibility changes

- The strategy also included several use cases where AI could presumably impact rights & safety, including in workforce management, health screening, safety, & benefits administration settings

- Looking ahead, expect HHS to utilize STLT listening sessions to **ease concerns & address stigmas, especially within the tribal community, on the risks posed by AI to encourage nationwide adoption**

Current Market Dynamics

- It's no secret that AI has reached a fever pitch; according to the International Trade Administration (ITA), AI is projected to [grow by $1.3 trillion](#) and add [$15 trillion to the global economy by 2030](#)

- AI's economic benefits will primarily come from product enhancements that lead to greater variety & personalization that will subsequently increase consumer demand, [according to PWC](#)
  - Concerningly, PWC's report underscores the urgency for comprehensive AI regulation; by 2030, AI will increase China's GDP by 26% compared to 14.5% in the United States

- Despite its revolutionary potential, AI will pose dire threats to the global workforce, with AI either replacing or complimenting 40% of jobs across the world[, according to the IMF](#)
  - This transition has already kicked off; as of October 2023, almost 55% of organizations plan to implement [generative AI solutions](#)

- As both markets & regulators are focused on the transformational benefits & risks of AI, conversations have only begun on how data centers will handle the increased energy demand

- The passage of the CHIPS legislation, which has led to record investments in semiconductor facilities, coupled with major tech companies seeking new locations to develop data centers sufficient to house LLMs, is set to strain the electric grid
  - According to [Grid Strategies,](#) energy demand will increase by **38 gigawatts, which could power 12.7 million homes, within five years**

- Looking ahead, expect this growth to continue at an exponential pace; AI-focused startups will raise record numbers of capital from VCs as organizations rush to enhance their existing products & services with generative AI capabilities

- However, unchecked adoption will inevitably lead to more scrutiny; similar to the recent anti-trust cases against major tech companies, expect **the Department of Justice to begin targeting large AI developers on issues related to monopolistic practices, IP protections, and licensing issues**

Industry-Led AI Standards
Coalition for Content Provenance and Authenticity (C2PA)

- As AI regulation stalls in Washington, industry leaders have jointly established & agreed to technical standards for AI-generated content via C2PA, a 501(c)(6) non-profit that has set industry benchmarks for content provenance & authenticity
  - The organization, formed via the unification of the Adobe-led Content Authenticity Initiative (CAI) and the Microsoft & BBC-led Project Origin, has received support from industry leaders such as Google, Intel, and Sony

- In the AI sphere, C2PA is best known for its "Content Credential" standard to provide consumers & developers with a permanent record of the provenance of AI-generated content

- According to Santiago Lyon, Head of Advocacy & Education at the Content Authenticity Initiative, the credential is used similar to a nutrition label; the credential, which travels with the content as it moves online, enables users to swiftly access the origin & history of a given image or video
  - Users are also able to verify the authenticity of content via the CAI platform, which will identify pre-existing Content Credentials

- To ensure accuracy, these credentials are developed via secure metadata, watermarking, and cloud-based fingerprint technologies

- Content Credentials have already sparked major interest from industry players; in February 2024, OpenAI announced that its DALL-E 3 platform would begin adding C2PA watermarks to generated images

- Looking ahead, expect C2PA & its member organizations to **advocate for Congress to mandate the adoption of Content Credentials for all federally published content**
  - C2PA is also expected to push for **increased data provenance in election campaign content & promote digital literacy efforts** to enable consumers to proactively identify misleading AI-generated content

2024 Presidential Election

Both Democratic and Republican candidates are toeing the line between innovation & guardrails on AI development in an attempt to secure the support of Big Tech and address localized concerns.

Biden-Harris Administration

- President Biden has been touting his AI EO as an example of a forward-looking approach to promoting innovation & imposing guardrails

- Recent polling suggests that the Administration's efforts have been successful; over 69% of voters support the EO

- As the general election ramps up, expect the Biden Administration to issue more EOs and OMB directives on AI, with a focus on election disinformation & civil rights

Former President Trump

During Trump's presidency, he issued an EO to bolster federal AI research, establish technical standards, and develop a domestic AI workforce

On the campaign trail, Trump has actively denounced the usage of deepfakes and has called AI "maybe the most dangerous thing out there"

If elected, expect Trump to build upon his efforts during his first term by strengthening American AI investments to strategically compete with China

Looking Ahead: What Impact Can You Have?

- Now more than ever, **Congress requires input from the private sector on how best to regulate AI**
  - As the Senate plans to kick off markups on AI proposals in the coming months, the 118th Congress may represent <u>a final push</u> to educate Members on the benefits & dangers of AI before they decide where to throw their support

- The Biden Administration will **ramp up oversight of AI's civil rights & election disinformation impacts ahead of the 2024 election**
  - Increasing bipartisan pressure to address the rising usage of deepfakes, coupled with Congressional inaction, will result in President Biden taking additional executive actions to mitigate AI's impact on the election

- Bipartisan support for export controls & protection of domestic IP against Chinese actors will **increase interest in funding for defense-focused AI products & services**
  - Increasing concerns about the CCP's prioritization of AI's military applications will strengthen NDAA requests that support DoD technological modernization

- The Department of Commerce will **issue proposed rules to implement guardrails on generative AI** that builds on the NIST AI Risk Management Framework
  - Ahead of these rules, Commerce is <u>actively seeking feedback from the private sector</u> on how best to impose guardrails on AI – most recently through NIST's draft publications

<u>Bottom Line</u>: **Without proper education & awareness from industry leaders, regulations will fall rapidly behind the pace of AI's development & adoption**

Thank You

Nikhil Dhingra
Director at The Vogel Group
nikhil@vogelgroupdc.com