# Kelley Faculty AI Playbook

Principles, Practices, and Policies for Faculty

July 2025, *Revised Oct. 2025, April 2026, August 2026*

## Purpose and Audience

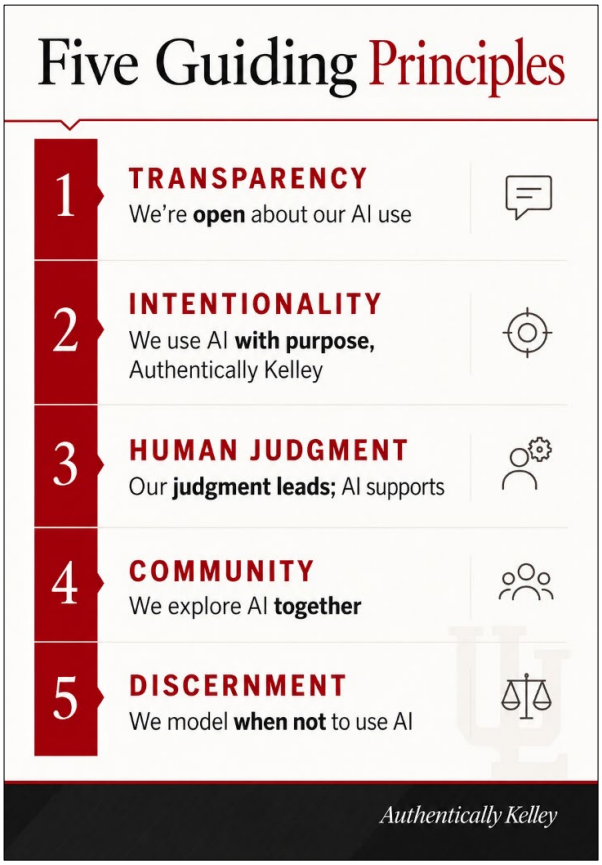
This playbook is a *living guide* for the Indiana University Kelley School of Business faculty regarding the use of AI in teaching, assessing students' work, research, and service. Generative AI (Gen AI) refers to tools that can create content (text, code, or images). For a quick overview, see What is generative AI? - IBM Research.

## Playbook Organization

This playbook is presented in 4 parts: 1) AI in support of **Teaching and Learning**; 2) AI in support of **Research**, **Scholarship**, **Creative Works** and **Service**; 3) **Special Topics**, and 4) **Appendices** containing suggested AI syllabus language, compliance with relevant IU AI policies, assessment ideas, AI resources, and suggested further reading.

## Preparing Students for an AI-Supported/Driven Workplace

Apart from our own personal AI use habits, our students are already expected to use AI responsibly in their careers. They will be hired into roles that assume AI fluency and skills as table stakes to get the interview. Our responsibility is to help them learn to use AI wisely, ethically, and effectively.




### Grounded in principles. Driven by innovation. *Authentically Kelley*.

AI is evolving *very* fast and so must leading-edge business education. Five Guiding Principles, rooted in our values, provide a 'North Star' as we each make ethical and intentional decisions for AI in our courses, class sessions, and research to further Kelley's mission.

### We can't outsource our own understanding.

AI can accelerate our work, sharpen our drafts, and widen what we can attempt, but it cannot *understand* anything that belongs in our own understanding. At Kelley, we use AI to supplement, inform, enhance and extend what we know rather than to replace our understanding. We remain responsible for our work where our expertise, sometimes productively amplified by AI, remains our professional judgment with accountability.

## Our Opportunity:

There is no "leading AI-use best practice" in business education. We are learning, creating, sharing, and leading as we go. The accelerating arc of AI possibilities provides us with a canvas to invent pioneering best practice through continued investment of our ideas and innovation in Authentically Kelley ways.

## Five Guiding Principles Overview

| | PRINCIPLE | WHAT IT MEANS | IN PRACTICE |
|---|---|---|---|
| 1 | TRANSPARENCY<br>We're open about our AI use | We clearly explain how AI is used in teaching, assessing, and feedback. | → Transparency invites trust and honest dialogue.<br>→ This document was created using multiple AI tools, intentionally and openly. |
| 2 | INTENTIONALITY<br>We use AI with purpose, Authentically Kelley | We use AI when it serves learning and improving understanding for our students and ourselves. | → Purposeful adoption beats trendy tools.<br>→ We share what works as "AI makes us all students again." |
| 3 | HUMAN JUDGMENT<br>Our judgment leads; AI supports | Faculty are key to Kelley, the school's success, and delivering a quality education and experience for our students. | → AI can assist our judgment rather than replace it.<br>→ Mentorship, expertise, and human feedback remain core to the Kelley experience. |
| 4 | COMMUNITY<br>We explore AI together | Trial, error, and curiosity fuel growth. | → Playful experimentation is part of progress.<br>→ We share wins and flops with candor and civility. |
| 5 | DISCERNMENT<br>We model when not to use AI | We teach when to use AI and when not to. | → Students learn responsible, ethical AI habits by our example.<br>→ We foster honest conversations around AI's power and limits. |

# PART 1: TEACHING AND LEARNING

## Principle 1: Transparency - We're open about our AI use

We build trust by clearly communicating when and how AI is used in our teaching, student assessment, and feedback. Transparency supports ethical practice, helps students navigate varying expectations across courses, and sets the tone for critical engagement with AI.

**What This Means for Faculty**

- If AI helped create materials (slides, prompts, rubrics), say so.
- If AI is used in student assessment or providing feedback, describe how.
- Clarify your course and assignment-specific policies early, remind students often.
- Do not upload identifiable student work, grades, or FERPA-protected data to public AI tools (AI not licensed by IU), even if anonymized. See IU's Data Classifications.
- Be explicit: "In this assignment, AI use is [AI required / AI permitted / AI limited / AI prohibited]." The Student AI playbook tells students to look for these four levels:

| | |
|---|---|
| **AI required** | Working with AI is part of what the assignment teaches. Use it for the stated stages or functions. |
| **AI permitted** | You choose whether and how to use it within the stated boundaries. Your reasoning and judgment are what is graded. |
| **AI limited** | Only specified functions are allowed, such as brainstorming but not drafting, or code explanation but not code generation. |
| **AI prohibited** | The assignment builds or verifies something you must hold personally. The restriction protects your learning. |

*Students expect and deserve to understand what role AI plays in their learning environment.*

- Use Kelley Course Koach to help decide what is right for your assignment.

**Practical Examples**

- Before major deliverables, remind students of your AI policy in assignment instructions or Canvas announcements.
- Take advantage of every opportunity to tell students how you use tools and when you disclose, and that may be in the syllabus for the entire course or for specific topics or assignments. For example, you likely don't disclose use of Excel for grade tabulations or spell check as it is assumed. You are disclosing if you used AI in crafting the assignment or you may say that you use AI for everything and tell them why. Make the rules and disclosure consistent for yourself and for your students. They can learn the substantive-vs-incidental distinction by your example, and it teaches them where to draw it in their own work.

**What Warrants Disclosure**

Substantive AI generation of content, assessments, feedback, or research material warrants disclosure. Incidental help with spelling, formatting, or minor phrasing does not. Disclosure is also not the same thing as formal academic citation: disclosure tells your audience how the work was made, while citation attributes ideas and sources. An assignment may call for either, both, or neither; say which.

> Faculty Expectation:
>
> *Transparency goes both ways. Faculty and students should follow the same standards and model the behavior for AI use.*
>
> *→ If you treat AI like a calculator, permissible to use without citation, state that clearly to students.*
>
> *→ Requiring students to cite AI while not doing so yourself undermines trust and is inconsistent with Kelley values.*
>
> *→ Model the openness you expect. Shared transparency sets clear, ethical norms for AI use.*

**Suggested Syllabus Language**

*"I use AI throughout this course to draft quiz variants, practice problems, rubrics, and to organize my feedback on your work. I review and revise everything before you see it, and the judgments are mine."*

**Pro Tips**

- Use Gen AI to review your syllabus for clarity: *"What might confuse students in this policy?"*
- State your AI usage in plain terms during the first class session.
- If students ask, show them how you use AI and model openness.
- Add a quick early quiz to confirm students understand your AI policy and avoid confusion later.

## Principle 2: Intentionality - We use AI with purpose, Authentically Kelley

Not all AI are created equal and not all of it belongs in your course. This principle reminds us to use AI when it serves a clear instructional purpose and strengthens learning. It should support critical thinking rather than replace it, and Kelley encourages thoughtful adoption to build students' reasoning capabilities. Weak assignments of busy work undermine developing our students' critical thinking capacities and cognitive offloading to AI further weakens them.

> Faculty Expectation:
>
> *We should explain why AI is permitted or restricted in each context. Restrictions should serve an instructional or professional purpose, such as building foundational knowledge or preparing students to perform without AI in real time; permitted use should advance learning, not replace thinking.*

**Example Faculty language for explaining a restriction**

"This assignment assesses your judgment, not just the final product. Complete the specified stages without AI, and be prepared to explain, adapt, and defend your work. The restriction reflects professional situations that require independent decision making."

**What This Means for Faculty**

- Use AI tools that improve teaching, feedback, or student engagement.

- Match the tool to the task. Just because you can use AI doesn't mean you should.
- Share what works with others so we build collective wisdom.

**Practical Examples**

- Use AI to generate quiz variants or assignment rubrics, then refine.
- Ask AI to summarize your syllabus for clarity, but confirm accuracy (see IU-licensed AI below).
- Let students explore tools like Gemini Notebook for organizing course readings, but remind them of respecting the law and copyright. E.g., they are legally violating their license agreement if they upload a HBSP case to AI.
- Use multiple AI! For example, use Copilot to summarize student feedback, then paste it into Gemini or ChatGPT Edu for rewriting suggestions. Iterating across tools often leads to sharper insights.
- Draft your syllabus with Gemini Notebook to structure your materials, then ask Copilot to convert the outline into a polished course introduction.

**AI Tools at IU**

IU offers an evolving set of multiple approved AI services with different approved data-use levels. (https://datamanagement.iu.edu/data-classifications/index.html). You must be logged in with your IU account (not a personal account). As of **August 2026**, these include:

| TOOL | STRENGTHS | DATA ALLOWED | ACCESS |
|---|---|---|---|
| Copilot Chat<br>copilot.microsoft.com | Cited answers and research using the live web. | Approved through Critical Data (excludes PCI DSS data). | ☑ Free to all IU accounts |
| Copilot for Microsoft 365<br>copilot.microsoft.com | Productivity within your own MS Office documents/emails/slides. | Approved through Critical Data (excludes PCI DSS data). | ◍ Paid (RATs fundable: $30/mo) |
| Google Gemini<br>gemini.google.com | Generating new content and brainstorming creative ideas. | Approved through Restricted Data (excludes research data). | ☑ Free to all IU accounts<br>◍ Gemini Pro & Gemini Notebook Pro Bundle Paid (RATs fundable: $204/year) |
| Gemini Notebook<br>notebook.google.com | Analyzing and questioning your uploaded source documents. | Approved through Restricted Data (excludes research data). | ☑ Free to all IU accounts<br>◍ Gemini Pro and Notebook Pro Bundle Paid (RATs fundable: $204/year) |
| Adobe Firefly<br>www.adobe.com/home | Creating commercially safe images for presentations/courses. | Approved for Public Data only. | ☑ 1025 monthly credits; Free to all IU accounts |

| TOOL | STRENGTHS | DATA ALLOWED | ACCESS |
|---|---|---|---|
| ChatGPT Edu<br>chat.openai.com | General-purpose chat, text and image generation, data analysis, and code creation. | Approved through Restricted Data (excludes research data). | ☑ Currently Free with IU Login<br>(Current contract expires August 31, 2026) TBD |
| REALLMS<br>reallms.rescloud.iu.edu | Working with sensitive research data, including PHI, in IU's secure environment. | Approved through Critical Data, including Research & PHI | ☑ Free with IU Login |
| KelleyAI Chat [1]<br>ai.kelley.iu.edu | Kelley-hosted AI chat built for Kelley coursework and school business. | Approved through Restricted data | ☑ Free with IU Login for Kelley faculty, staff, & sponsored students |
| Claude<br>claude.ai | Advanced writing, coding, and analysis of long or complex documents. | Approved only for Public Data but can use IU funds for an account. Rules attach to the data, not who buys the subscription. | ◍ Paid (RATs fundable, multiple tiers) |
| Github Copilot<br>github.com/features/copilot | AI-assisted code completion and help while programming. | Approved through Critical Data (excludes research data). | ◍ Paid (RATs fundable, multiple tiers) |
| Other Public Tools | — | Use cautiously and without institutional data | ✗ Not IU-approved |

[1] KelleyAI also has access to many AI models and services via metered API use through Azure Cloud. Data restrictions vary by model. Email TSHELP@iu.edu if you have additional needs to assess models, data access levels, and metered cost.

See IU's most current full list of tools here: https://datamanagement.iu.edu/faq/genai.html

For questions on how to use a specific AI tool, it is recommended you ask the tool for help. For example, to learn how to use Gemini to create an image, go to Google Gemini and ask the tool for instructions.

For an overview of the difference between Copilot Chat and Copilot for Microsoft 365 apps, visit copilot.microsoft.com and About Microsoft 365 Copilot at IU - Indiana University Knowledge Base.

Full list and updates: uits.iu.edu/ai and Generative AI tools at IU - Indiana University Knowledge Base

**Why Use IU-Licensed AI Tools via Your IU Account?**

- Compliant with university policies and many faculty/employee obligations.
- Some are approved for use with University-Internal data and some for Restricted data. For example, student submitted assignments are considered University-Internal unless they contain Health information or Personally Identifiable Information. Checkout IU's Data Sharing and Handling Tool which provides guidance on how to properly classify, store, and share the data you manage.

- UITS' REALLMS system is in the IU Data Center and approved for use with Critical data that include Personally Identifiable Information that would be covered by federal laws like FERPA and HIPPA.
- Uploading identifiable student work, grades, or FERPA-protected data to public AI tools is against IU policy even if anonymized.
- Support is available through IU
- Less risk of violating data privacy or FERPA
- Ongoing vetting and updates by the university

**Student Access and Equity**

Judicious *requirements* for students to use AI should rely on an IU-provided, course-provided, or comparable no-cost tool that does not require an account. We should account for accessibility, eligibility, compatibility, and outages, and never require students to purchase an unapproved tool. When AI capabilities are ***not*** material to a learning objective, we should also recognize that some students may ***not*** want to use AI as part of their education, and a common assignment (not a separate alternative) should be designed to enable full completion and potential for full points without compelled AI use (other than courses where AI is the subject).

**Pro Tips**

- Bookmark these links: https://uits.iu.edu/ai and https://datamanagement.iu.edu/faq/genai.html (updated lists of approved tools)
- Confirm that you are using your IU account login. Your browser might auto log you in using your personal account if you also have a personal account on that AI. Creating separate browser profiles for your personal work and your IU accounts can make this a lot easier. Give them different color schemes to make clear in which set of personal or work accounts you are working.
- If you want to use RATs or grant funds to license other AI tools, e.g., Claude, email tsorder@iu.edu to make that request. Some are easy to do as they already have IU approval. Depending on the purpose, e.g., something that students will touch, may require further university review through the SSSP process.
- If you're not sure what a tool does with data, **assume it's public** and check with IU Information Policy and Security Office (UIPO/UISO) before use.
- **Don't stop with one AI.** Try your draft in Copilot, Gemini, or Gemini Notebook as each has different strengths. Our students already do this. Faculty should, too. Iterating across tools often produces clearer, stronger results.
- **There are also times to skip AI entirely.** For a deeper discussion on when and why, see Principle 5: Discernment - We model when not to use AI.
- Because AI is still evolving, some students may raise concerns about its broader implications, such as model training or environmental impact. It is useful for us to anticipate these conversations.

## Principle 3: Human Judgment - Our judgment leads; AI supports

AI can enhance our work, but it cannot replace our role as educators. This principle affirms that faculty expertise, mentorship, and judgment are an essential part of the Kelley learning experience. AI may assist with tasks like feedback or rubric alignment, but final decisions must remain our human-led professional responsibility.

> Faculty Expectation:
>
> *We should revisit our course designs for an AI-enabled environment. A polished artifact alone that is produced unsupervised no longer demonstrates learning, so effective assessments should reveal students' reasoning, judgment, and process. The Kelley Course Koach can pull your prior assignments directly from Canvas and apply Kelley's assessment framework to help identify what still works and what should change. Visit ai.kelley.iu.edu and consult the Assessment in an AI-Enabled Environment companion guide. Start at https://ai.kelley.iu.edu/Chat.*

**What This Means for Faculty**

- AI may support, but not replace, teaching, assessing, grading, or student interaction.
- Students benefit from our feedback, evaluation, and modeling of responsible AI use.
- We must remain involved in all assessment decisions as Kelley policy prohibits fully autonomous AI grading. IU policy forbids uploading student data to public AI tools, see Data Classification: IU Data Management: Indiana University.
- Be alert to prompt injection (hidden instructions that can alter an AI's response).
- Using AI in teaching should reduce repetitive effort, not reduce our human connection.

**Practical Examples**

- Use AI to generate draft rubric comments, then edit before returning to students.
- Let Copilot summarize long-form assignments to help you triage where to focus.
- Use Gemini Notebook to review and organize student project reports but retain final judgment.
- Clearly tell students when feedback or comments were assisted by AI.

**AI and Grading: What's Appropriate?**

| GRADING METHOD | PERMITTED? | DETAILS |
|---|---|---|
| Autograding (e.g., Canvas quizzes) | ☑ Yes | Suitable for objective, factual content that uses a deterministic input-process-output model (that's not how Gen AI works). |
| AI-Assisted Grading | ☑ Yes | AI may draft summaries or comments, but faculty must review and approve. |
| AI-Enhanced Rubric Scoring | ☑ Yes | AI can suggest alignment to criteria. Final scoring is provided by faculty. |

| GRADING METHOD | PERMITTED? | DETAILS |
|---|---|---|
| AI Consistency & Bias Review | ☑ Yes | AI may be used to check grading consistency across submissions and to flag potential bias in human grading. Faculty retain final judgment. |
| Fully AI-Generated Grading | ✗ Not Permitted | AI cannot assign grades or comments without faculty oversight. |
| Unreviewed AI Feedback | ✗ Not Permitted | AI-generated comments must be verified before sharing with students. |

**Suggested Syllabus Statement**

> *"AI tools may assist grading and feedback, but all grades are reviewed and the responsibility of the instructor. AI will never grade student work without faculty oversight."*

**AI Avatars in Course Videos**

We don't replace ourselves with AI avatars. Our teaching presence, on video or in person, is part of the mentorship students come to Kelley for, and a virtual stand-in isn't Authentically Kelley. (Demonstrating an avatar when avatars are the topic of the lesson is different; that's modeling discernment.)

We do use avatars to enrich materials rather than deliver them. A fictitious manager at a fictitious company setting up a case study, an avatar playing the client in a role-play, avatar tools supporting accessibility: these enhance the learning experience without standing in for us. As with all our AI use, we disclose it.

**Assessment: traceable, defensible, and answerable**

Assessment begins with the Learning Outcome. Identify what students must personally know, do, interpret, explain, or defend. Since 'understanding cannot be outsourced,' a polished final artifact may need to be paired with evidence that makes the learning process visible.[1]

- ***Traceable:*** use checkpoints, rationale statements, revision notes, process evidence, or staged submissions to show how the work developed.
- ***Defensible:*** ask students to justify decisions, verify evidence, explain tradeoffs, and apply judgment in context.
- ***Answerable:*** ask students to respond to questions, adapt to new conditions, or explain choices in real time or in a follow-up setting.

Use the Kelley Course Koach to help analyze your course. Detailed examples for in-person, synchronous online, asynchronous, hybrid, team, individual, low-stakes, and high-stakes settings appear in the Assessment in an AI-Enabled Environment companion guide. The companion distinguishes open AI-enabled work from secure individual demonstration and keeps the learning outcome at the center.

- Where the stakes warrant it, combine open AI-enabled work with at least one secure demonstration of individual learning.
- Choose evidence that is proportionate. Process documentation should support learning and validity, not create surveillance or unnecessary workload.

[1] See "AI Will Break Assessment Before It Fixes It," *Inside Higher Ed*, 19 February 2026.

**Pro Tips**

- Let students know how you used AI, e.g., "Drafted with Copilot, then revised by your instructor."
- Before returning graded work, review AI-generated feedback for tone, clarity, and accuracy.
- Treat AI like a teaching assistant: helpful for prep, never in charge.

## Principle 4: Community - We explore AI together

We don't need to have all the answers, especially with a tool that's evolving this fast. This principle encourages curiosity, collaboration, and iteration. Try things. Share results. Laugh when it goes sideways.

We grow through experimenting and responsibly trying things. When we share, others can grow with us.

> Faculty Expectation:
>
> *We are expected to explore AI thoughtfully, match safeguards to each tool's capabilities, and remain accountable for data protection, student experience, and consequential decisions. Share what works, what fails, and what others can learn from both.*

**Frontier tools: Connected and Agentic AI**

Judge an AI tool by what data it can see, what systems it can reach, and what actions it can take. Connected AI can access files, email, browsers, cloud storage, code repositories, or other systems. Agentic AI can also edit, execute, send, publish, purchase, or deploy. Risk rises with the sensitivity of the data, the breadth and duration of access, and the consequences of the actions allowed. All faculty, staff, and students were required to sign IU's Acceptable Use Agreement that imposes obligations for members of the IU community using IU data, networks, or systems.

*Lower-risk exploration*

- With tools not approved for the relevant IU data, use only public information, made-up practice data, or content you are licensed to use. Do not connect them to IU accounts or systems.
- Keep the task limited, reversible, and independently review the output.

*Connected or agentic use*

- Verify that the exact service, account, configuration, and connection are approved for the data involved.
- Grant only the files, systems, permissions, and time needed. Use a limited working folder rather than an entire drive or mailbox. Practice the Principle of Least Privilege.
- Use controlled or test environments, backups, and version control when the tool may change files or code.
- Never expose passwords, API keys, access tokens, or confidential configuration.
- Treat webpages, email, and documents as untrusted. Embedded instructions can redirect an AI agent.
- Preview commands and changes, and require human approval before external, irreversible, or consequential actions.
- When uncertain, check IU's current AI and data guidance or consult with KSBIT.

*Do not*

- Put data in a service not approved for its data classification.
- Let AI independently without human review determine grades or make personnel, admissions, advising, scholarship, or student-support decisions.

- Allow unreviewed external communications, financial actions, or live-system deployments.
- Bypass software review, security controls, or permissions.

Bottom line, before using any AI service, ask four questions:

- **What data is involved?** Classify it first (Public, University-Internal, Restricted, or Critical) using IU's Data Sharing and Handling Tool: https://datamanagement.iu.edu/tools/dsh.html
- **Which exact service and account?** Approval attaches to a specific service and configuration, not a brand. ChatGPT Edu is not public ChatGPT. A chatbot, an Office add-in, a local coding agent, a browser connector, and an API carry different risk even when they run the same model. When available, confirm you are signed in with your IU account; browsers happily auto-sign you into personal ones.
- **What can it access or do?** A tool that only reads what you paste is different from one that can reach your files, browse the web, or take actions on your behalf.
- **Who remains accountable?** You are. AI can assist the work; it cannot own the outcome.

**What This Means for Faculty**

- AI is an **experiential** tool where you learn by doing. Play with it. Break it. See what happens.
- Teaching students how to think about AI starts by pushing yourself to explore.
- Treat early trials as prototypes. Use feedback from students and colleagues to improve.

**Practical Examples**

- Run a classroom activity where students **use AI and reflect** on what worked, what didn't.
- Pilot a new AI-assisted assignment, then bring your results to a teaching meeting.
- Try 3 AI tools on the same task and compare results. Show your students the differences.
- Share a "flop" with your department: a bad AI draft, a surprising error, a funny misfire.

**Suggested Syllabus Statement**

> *"In this course, we will explore how AI can support professional and academic work. You will be asked to use AI tools for certain assignments and reflect on their effectiveness."*

**Pro Tips**

- Build a low-stakes activity just to see what AI can (and can't) do, then debrief in class.
- Set a timer for 15 minutes: try the same prompt in three tools (Copilot, Gemini, Gemini Notebook, or other AI). Compare results.
- Use multiple AI for the same project. Use one AI to draft and ask another AI to review.
- Share one insight at your next faculty meeting, brown bag, or hallway conversation. That's how we grow together.

The more we share what works (and what doesn't) the faster we all learn. Every experiment adds to Kelley's collective insight, keeping us learning forward. This adaptability is the same mindset students need to lead in an evolving business world. Consider creating a Kelley AI Moment to share your insights with others.

## Principle 5: Discernment - We model when not to use AI

Students are watching not just what we teach, but how we use AI. This principle challenges us to model responsible, ethical, and critical AI use.

Discernment means knowing when AI helps, when it harms, and when to leave it out entirely.

> Faculty Expectation:
>
> *We must lead by example. Discernment is a lifelong skill. When faculty model it with intention, students learn to approach every new technology with the same curiosity and care. Transparency and discernment work together. Modeling clear disclosure of AI use helps students build both ethical awareness and practical judgment.*

**What This Means for Faculty**

- AI is not a transporter that carries you, or your students, from blank page to finished work. The thinking in between stimulus to outcome is the point.
- Design assignments that support original thinking and reduce the temptation to overuse AI. *For examples of assessments that emphasize process, judgment, and explanation (rather than polished output alone), see Special Topics: Assessment in an AI-Enabled Environment*
- Show students that AI can be useful, but also flawed, biased, or just wrong.
- Demonstrate fact checking, attribution, and responsible tool choice.
- Explain not just what AI did, but why you chose to use (or not use) it.

**Critical thinking must remain central.** When students or faculty use AI without reflection, they offload too much cognition, outsourcing mental work that should be done internally. This risks creating an illusion of learning without understanding, and can weaken memory, creativity, and long-term skill development. Research on cognitive offloading supports this concern: habitually delegating thinking to external tools reduces what we retain and can erode independent reasoning (Risko & Gilbert, 2016; Gerlich, 2025).

**Generative AI tools often produce information that is inaccurate, fabricated, or misleading.** These errors may appear plausible at first glance but can contain false facts, flawed reasoning, or nonexistent citations. We should model fact checking, and students should never assume AI outputs are reliable without verification. The same verification and source evaluation apply multimodal outputs: such as images, slides, and data visualizations.

**AI systems are trained on massive datasets that reflect existing social and cultural patterns, some of which are biased.** As a result, generative AI can unintentionally reinforce stereotypes or one-sided perspectives. We should be prepared to spot biased outputs and help students learn to question the assumptions baked into AI-generated content.

**Practical Examples**

- Use an AI-generated summary in class, then walk students through what it got wrong.
- Compare AI-written paragraphs with a strong student example and discuss the difference.
- Build an assignment where students must use AI **and** critique its output.
- Require students to cite AI tools when used in research, writing, or analysis.

**When *Not* to Use Licensed AI Models. Skip AI entirely when:**

- Working with private or IU restricted data (e.g., grades, student info, unpublished research)
- When it violates restrictions imposed by the owner of the data or content, e.g., licensed datasets express prohibitions in the license or copyright holders for published works.
- Tasks require critical reasoning, ethical nuance, or creative depth.
- A part of the task embodies the learning outcome, professional judgment, or human accountability (never delegate that part, whatever the tool).
- Learning outcomes depend on original thinking or skill development
- AI output can't be verified and accuracy is essential
- Note that many of these concerns can be overcome by using IU's REALLMS or KelleyAI for their appropriate data use classifications (REALLMS for Restricted and Critical, KelleyAI for Restricted).

**Suggested Syllabus Statement (If AI Is Allowed)**

> *"AI is allowed in this course. If it substantively generated part of your work, add a brief note naming the tool and what it did; spelling and formatting help needs no note. Disclosure protects you. Hiding substantive AI use in violation of the letter or spirit of course policies may be Academic Misconduct."*

🚫 **AI Detection Tools: Not Reliable**

Some tools claim to detect whether a student used AI, but these services are highly unreliable. They often produce false positives and false negatives, especially with short-form writing or multilingual students.

- **No AI detection tools (such as GPTZero, Turnitin AI Detection, or Originality.AI) are approved for use at Kelley or Indiana University.** About AI detection tools - Indiana University Knowledge Base
- Faculty may **not** upload student work to any public or private detection service.
- Using these tools may violate university policy and student privacy protections. Note: IU has licensed Turnitin for plagiarism review (not AI use detection).

This restriction applies only to the use of AI detection tools. Faculty set expectations for AI use and may pursue academic misconduct if those expectations are violated.

Instead of trying to "catch" AI use, focus on designing assignments that encourage process, reasoning, and authentic engagement. How to Productively Address AI-Generated Text in Your Classroom: Academic Integrity: Teaching Resources: Center for Innovative Teaching & Learning: Indiana University Bloomington

**If You Suspect Unauthorized AI Use**

Skip the detector and follow a process:

- Review the process evidence you already have: drafts, checkpoints, version history, in-class work.
- Talk with the student, starting from curiosity rather than accusation.
- Ask the student to explain or adapt the work: walk through the reasoning, answer questions, or revise under a new constraint.
- Document facts rather than conclusions: dates, submissions, what was said.
- If concerns remain, use the ordinary academic-misconduct process as AI cases are not a special track, but they require the same fairness in process.

**Pro Tips**

- Say: "This draft came from Copilot, but here's what I changed, and why."

- Assign students to test an AI tool and explain what it misunderstood or missed.
- Redesign assignments to require reasoning, process, or decision-making that AI can't fake.
- When in doubt, skip the AI, and tell your students why.

## Working Beyond the Approved List

The most capable AI tools at any moment will often sit outside IU's approved list: coding agents, design tools, Office add-ins, browser-connected assistants. Claude Code and Claude Design are examples (as of this writing). While the names of new products and tools may change, the situation does not. Pretending these tools do not exist does not make anyone safer, it just makes them quieter. When guidance is silence, the predictable result is unguided experimentation, which is the riskiest kind. This section exists so exploration happens with eyes open.

**Three Risk Bands**

- **Lower-risk learning.** Public or synthetic content, in a standalone tool, on a personal account: exploring a new chatbot with invented data or testing a design tool on mock content. This low-risk approach helps us stay current as we test and learn.
- **Safeguards required.** The moment a tool can touch local files, connect to other services, or write and execute anything, treat it as a system rather than a chat window.
- **Out of bounds without formal review.** Institutional data in unapproved tools. Credentials exposed to a tool. Autonomous actions with real consequences, such as sending messages, changing records, or spending money. These require review before rather than seeking forgiveness after.

**Funding Source Doesn't Change the Risks and Rules for IU Data**

- Personal payment or a personal device is not a workaround for responsible use of data within IU's Data Classifications. The classifications are innate to the data and are not changed by the payment method or computing device.
- Faculty and students are not symmetric. Faculty may purchase tools for their own suitable work. Any student use that is required, or that materially advantages students who pay, needs an IU-provided tool or a genuinely comparable no-cost path. IU CITL's guidance is that students should never be required to use an unapproved tool.

# PART 2: AI IN RESEARCH, SCHOLARSHIP, CREATIVE WORK, AND SERVICE

As a scholars at the Kelley School of Business, we recognize the importance of staying at the leading edge of research, including leveraging advancements in technology. The rise of GenAI and specifically large language models (LLMs) represents an important moment in scholarly research, offering both opportunities and challenges.

**Opportunities and Risks**

It is important to understand that LLMs and Gen AI can be highly beneficial for researchers. As noted in IU's Generative AI Task Force report (March 2024):

> "Indiana University must be a leader in Generative Artificial Intelligence," and "GenAI can help in the pursuit of transformative, world-class research, scholarship, and creative activity."

We should experiment with AI, identifying use cases in which GenAI can aid in creativity and research that are ethically accepted in their research domains and consistent with the values of the Academy.

However, the use of GenAI in research poses several challenges. Technically, hallucinations remain a serious issue—researchers must be absolutely certain that LLM output, if used, is factual. There are also important concerns around the ethical use of AI. As the Task Force notes:

> "GenAI, while advanced, can produce outputs that are inaccurate or unreliable. The data used to train GenAI systems contains biases, which can be perpetuated or amplified by the algorithms, leading to unfair and discriminatory outcomes."

**Privacy, Terms of Use, and Data Sensitivity**

There are significant risks around both privacy and data security, some of which are not obvious. For example, some vendors prohibit the use of their data in Gen AI systems and using such systems to analyze that data would be a violation of terms of use.

> **REALLMs** (Research and Academic LLM Services) is an IU-hosted large-language model service approved for use with Critical research data and PHI. **Outside of REALLMs, no other AI tool (public or university-approved) is cleared for use with both IU data classified Critical and Research**. REALLMs operates entirely on IU's on-premise infrastructure and complies with the **Management of Institutional Data (DM-01)** policy. Researchers with questions about data sensitivity should contact the **Data Steward for Research Data (datard@iu.edu)** for guidance. For more information, visit: REALLMs: Research and Academic LLM Services

Researchers should consult **IU's Data Classification Guidelines** before using GenAI tools with any institutional data. Data Classification: IU Data Management: Indiana University

**Journal and Conference Policies**

Importantly, guidelines around GenAI use in research are continuously evolving and vary not only by discipline but also across journals in the same field or even across editorial roles within the same journal. For example:

- Some journals permit GenAI use if clearly acknowledged.
- Others prohibit its use in writing, peer review, or image generation.
- Be aware that prompt injection (hidden instructions to LLMs) can alter responses (see example).
- Some allow AI-generated figures or illustrations but require human oversight and explanation.

There is no one-size-fits-all approach. Researchers must **continually check the policies** of scholarly forums, conferences, and journals where they plan to submit.

**Grants and Funding Proposals**
Many foundations and funding bodies **explicitly prohibit** the use of GenAI during the grant application process. When preparing proposals, you are strongly encouraged to contact the Kelley School's Director of Proposal Development or the Associate Dean for Research to verify what is acceptable before using any AI tools in application drafting, budget narrative development, or documentation prep.

**Final Note**
GenAI presents both opportunities and challenges for scholars. By acknowledging its limitations and following evolving guidelines, researchers can harness AI's power while ensuring responsible use. For example, some of us have developed sophisticated Red Team approaches to help spot weaknesses in their articles prior to submission. We should experiment with AI for productivity gains and improved work where possible, but we must do so critically and in alignment with disciplinary norms, ethical expectations, and university policy. Please share with others what you are learning.

# PART 3: SPECIAL TOPICS

This section calls out and addresses important issues that affect multiple areas of teaching and policy. These topics are practical, actionable, and especially important for new faculty navigating AI for the first time.

### 🗂️ OneDrive, Copilot, and File Permissions

The IU-licensed Microsoft 365 Copilot app can surface content from Microsoft 365 files and collaboration spaces you already have access to, including OneDrive, Teams, and SharePoint. Microsoft 365 Copilot Chat does not access organizational files or content. Microsoft 365 Copilot can access any file you've shared with "People in Indiana University"—even old files you forgot about and even if you never use Microsoft 365 Copilot yourself. REALLMS operates fully within IU infrastructure and does not *currently* have access to OneDrive or Microsoft 365 files.

**This includes:**

- Word, Excel, and PowerPoint files
- OneDrive folders
- Microsoft Teams and SharePoint content

**What to do:**

- Visit OneDrive > "Shared" > "By You" to see everything you've shared.
- Remove "People at IU" sharing if it's no longer needed.
- Avoid broad sharing when using institutional data.
- If a sharing need can be for a limited time, put an expire date on the link before sharing.

🛠️ For details on sharing files in OneDrive see Share and collaborate on Microsoft 365 files - Indiana University Knowledge Base.

### 🎓 Student AI Literacy and Training

Students are already using AI. Help them use it well:

- Show how AI can support—but not replace—thinking.
- Discuss when AI might be helpful and when it's risky.
- Use reflection prompts:
  *"What did AI get wrong?"*
  *"What did you revise after seeing AI output?"*
- Refer students to IU's student-facing guide: Learn with AI

🤖 **Kelley's Gen AI course sequence**. Starting in Academic Year 2026-2027 all Kelley Direct Admits and Pre-Business students will be required to take X101 (2nd 8 weeks of Fall) and X201 (2nd 8 weeks of Spring). These courses are one part of Kelley's comprehensive approach to teaching our students foundational AI skills, and all videos from both courses will be available to Kelley faculty and staff. Additionally, K201 and K303 have also been revamped to build AI skills and knowledge in our students. The practical takeaway: by the end of freshman year, Kelley students arrive in your course with a shared AI foundation, and you can design assignments that build on it rather than reteach it.

🧠 **Assessment in an AI-Enabled Environment**

Design assignments so students must think, decide, explain, and adapt. In an AI-enabled environment, strong assessment design asks students to produce work that is **traceable**, **defensible**, and **answerable**.

- Start with the learning outcome. Identify what students must personally know, do, interpret, explain, or defend.
- Make the work **traceable**. Use checkpoints, rationale statements, revision notes, process evidence, or staged submissions that make students' thinking and development visible.
- Make the work **defensible**. Ask students to justify decisions, explain tradeoffs, verify information, or apply judgment in context rather than submit a polished artifact alone.
- Make the work **answerable**. Build in opportunities for students to respond to questions, adapt to new conditions, or explain their choices in real time or in a follow-up setting.

The full set of sample approaches, with stakes and modality guidance, now lives in a companion document: the Kelley Guide to Assessment in an AI-Enabled Environment.

# PART 4: APPENDICES

This section includes reusable materials, resources, and references to support faculty adoption, course design, and responsible AI use across Kelley.

## 🧠 Appendix A: Sample Syllabus Language

Faculty may adopt any AI policy that fits their course—prohibitive, conditional, or permissive—as long as it aligns with university guidelines. The Kelley Digital Educational Technologies group has developed model language for each type. These sample statements are offered as suggestions only; syllabus language remains at the discretion of individual faculty.

Download the full syllabus language guide:
**Suggested AI Language for Kelley Syllabi.docx**

This resource includes:

- Sample statements for prohibited, conditional, and permissive AI use
- Suggested justifications to help you explain your policy to students
- AI citation guidance and student-facing examples

**Grading Transparency**

If you use AI in grading or feedback preparation, consider adding a brief statement like:

> *"AI tools may be used by the instructor to assist in feedback or grading prep. All final decisions are reviewed and approved by the faculty member."*

This helps clarify expectations for students and reinforces Kelley's policy that grading may never be fully delegated to AI. See Principle 1: Transparency - We're open about our AI use for additional examples of how to communicate faculty AI use to students.

# Appendix B: Resources and Further Reading

**IU Support & Faculty Development**

- AI at IU: https://uits.iu.edu/ai
- AI tools & resources: https://ai.iu.edu/tools-and-resources.html
- Teaching.IU: https://teaching.iu.edu
- LinkedIn Learning (search 'Generative AI'): https://one.iu.edu/task/iu/linkedin-learning
- Center for Innovative Teaching and Learning: https://citl.indiana.edu
- GenAI X101 and X201 videos: links forthcoming
- Kelley Student AI Playbook: https://kelley.iu.edu/studentaiplaybook
- Kelley Guide to Assessment in an AI-Enabled Environment: https://kelley.iu.edu/aiassessmentguide

**Thought Leadership & Frameworks**

- You Can't Outsource Understanding: A Student Perspective on AI in the Classroom: Blog post by IUI Kelley Student Rylan Conaway and UITS' Kelly Scholl (April 2026)
- The Chronicle of Higher Education: 'How Are Students Really Using AI?': https://www.chronicle.com/article/how-are-students-really-using-ai
- 'Assigning AI: Seven Approaches for Students, with Prompts' by Ethan and Lilach Mollick: https://www.oneusefulthing.org/p/assigning-ai-seven-ways-of-using
- 'AI Will Break Assessment Before It Fixes It ' by Chrysanthos Dellarocas: https://www.insidehighered.com/opinion/views/2026/02/19/ai-will-break-assessment-it-fixes-it-opinion

**Policy & Privacy References**

- IU Data Classification: https://datamgmt.iu.edu
- Acceptable Uses of Generative AI: https://servicenow.iu.edu/kb?sys_kb_id=3d02444a47c96290d500b87b716d43a0&id=kb_article_view&sysparm_rank=1&sysparm_tsqueryId=30e87bf53bfea290476d941864e45a13
- Data Sharing and Handling Tool: https://datamgmt.iu.edu/tools/dsh.html
- Privacy concerns: privacy@iu.edu
- Data concerns: uipo@iu.edu or 812-855-UIPO

**Student & Classroom Resources**

- Learn with A.I.: Study Stronger https://learning.iu.edu/study-stronger/learn-with-ai.html
- CITL AI Guide: https://citl.indiana.edu/teaching-resources/gen-ai/index.html
- Kelley Suggested Syllabi Language: https://indiana.sharepoint.com/:w:/r/sites/KelleyFaculty/Shared%20Documents/Collated%20Resources/Teaching%20Related%20Materials/AI%20suggested%20syllabus%20language.docx?d=waa16edf6713e4a71ba8dc624b53e53be&csf=1&web=1&e=LqLBK1

**Procurement & Reporting**

- Order Copilot for Microsoft 365 (funding account required) or Gemini & Gemini Notebook Pro: tsorder@iu.edu
- Report inappropriate data access: it-incident@iu.edu