

2024 EY federal, state and local trends report

Key findings



The 2024 EY Government and Public Sector (GPS) federal, state and local trends survey, commissioned by the [EY Center for Government Modernization](#), asked 300 decision makers across US federal, state and local government agencies about their perception of and experience with emerging technologies.

What's inside





Fact sheet: key federal agency topline findings

While **87%** of federal agency leaders agree that their agency will benefit from modernizing IT infrastructure, only **43%** say it is a priority today. This is likely due to barriers such as concerns about infrastructure and cybersecurity, workforce challenges and a lack of collaboration across agencies. The following are findings specific to US federal agencies with comparisons to their state and local counterparts where results were notable and statistically significant.

Key federal findings

Federal government agency leaders understand the benefits of adopting emerging technologies at their agencies, as well as the importance of investing in them.

- ▶ A majority of federal agency leaders agree that adopting emerging technologies at their agency will:
 - ▶ Increase their agency's overall efficiency (86%).
 - ▶ Improve data management and insights (86%).
 - ▶ Improve their agency's ability to use data (84%).
 - ▶ Free up employees' time for more valuable work (78%).
 - ▶ Help reduce operational costs (77%).
- ▶ Interestingly, federal agency leaders are less likely than state and local agency leaders to say adopting emerging technologies at their agency will free up employees' time for more valuable work (78% vs. 88%).
- ▶ Regardless of whether their agency currently uses or plans to invest in emerging technologies, 98% of federal leaders recognize the importance of investing in at least one emerging technology to modernize their agency, including:
 - ▶ Cloud networks (49%)
 - ▶ Artificial intelligence (AI)/machine learning (ML) (42%)
 - ▶ Generative AI (GenAI) (33%)
 - ▶ Digital scanners (27%)
 - ▶ Robotic process automation (RPA) (26%)
- ▶ Most (96%) say their agency has concrete plans to invest in or enhance technology in the next five years, including cloud networks (51%), AI/ML (41%), digital scanners (30%) and biometrics (30%).

If the benefits are understood and efforts are being made to implement tech modernization, what's holding agencies back?

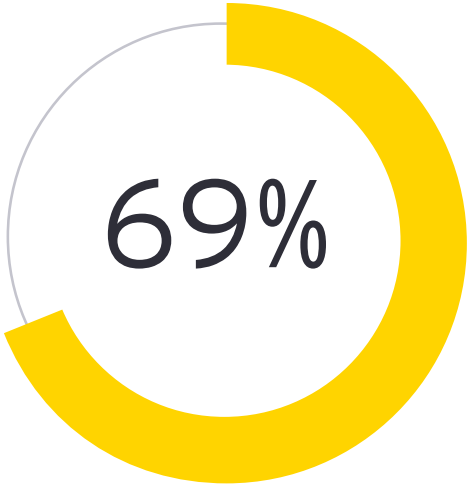
The need for infrastructure and cybersecurity modernization

Outdated infrastructure

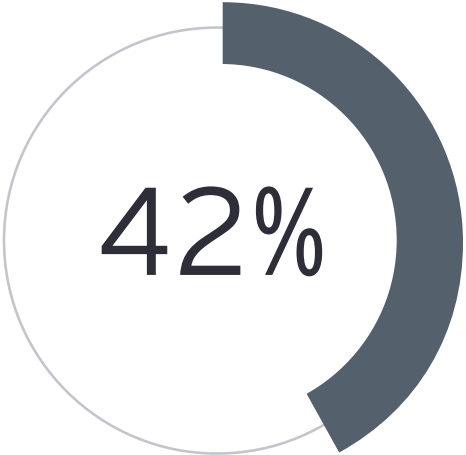
Federal government leaders recognize the importance of modernization and are worried about outdated infrastructure and hardware.

- ▶ While the majority (87%) recognize the benefits of modernizing IT infrastructure, only 43% make it a priority today.
 - ▶ Looking ahead, some federal government leaders say one of the top priorities for their agency are modernizing IT infrastructure (47%) and enhancing data analytics and insights (35%) in the next five years.
 - ▶ Even fewer (25%) recognize the focus on short-term over long-term planning as a barrier to tech modernization efforts.
- ▶ Two-thirds (64%) are worried about not having the existing infrastructure to use emerging technologies and just as many (57%) say their agency's IT infrastructure is simply not built to handle emerging technologies.
- ▶ They are also worried about not having enough funding to maintain the infrastructure needed for emerging technologies (69%), naming outdated hardware (42%) and software (35%) as one of the biggest barriers to tech modernization efforts at their agency.

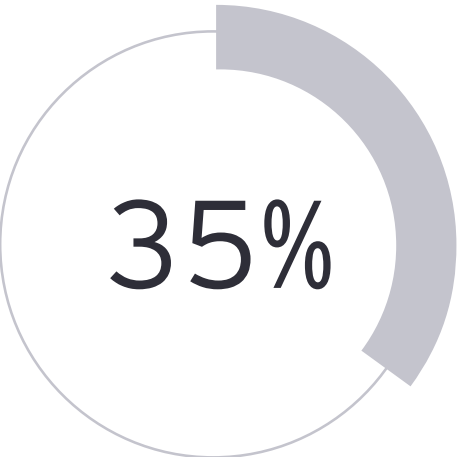
Biggest barriers to tech modernization efforts



Not having enough funding to maintain the infrastructure needed for emerging technologies



Outdated hardware



Outdated software

Cybersecurity preparedness

Federal agency leaders also overwhelmingly agree that modernizing infrastructure is important for resilience against cyber-attacks (89%). While improvements have been made in recent years, federal leaders want their agencies to push for more funding and investment in cybersecurity preparedness.

- ▶ Federal government leaders are less likely than their state and local government counterparts to say their agency would be prepared for a cybersecurity breach today (79% vs. 89%), compared to one year ago (73% vs. 84%).
- ▶ But, three in four say their agency should push for additional cybersecurity funding (77%) and invest more in cybersecurity preparedness (77%).
- ▶ However, while almost as many (75%) wish their agency allocated more funding for cybersecurity, they acknowledge that they currently have to prioritize other areas.

Empowering the public sector workforce of the future

Prioritizing upskilling and training

For the public sector to maximize the potential of adopting new technologies, agencies must embrace a people-centric integration model.

- ▶ About two in five federal leaders say one of the biggest barriers to technological modernization efforts at their agency is a shortage of skilled employees (38%) and insufficient training and/or upskilling opportunities for existing employees (36%).
- ▶ Yet, more than half (53%) say training/upskilling existing employees on emerging technologies is a top operational priority today, and 46% say the same looking ahead five years.
- ▶ Federal government agency leaders (32%) are less likely than their state and local counterparts (45%) to say an overworked staff is one of the biggest barriers to technological modernization efforts at their agency.



Attracting qualified talent

Despite almost all federal government leaders finding purpose in their work (90%), feeling proud of what they do (92%) and seeing that their work creates meaningful change (85%), their agencies are struggling to attract qualified candidates and say it's taking longer to fill jobs than it used to.

- ▶ Federal government leaders are less likely than their peers at the state and local level to say their agency struggles to find qualified candidates to fill roles (61% vs. 82%), and that it's difficult to attract entry-level job candidates (54% vs. 70%).
- ▶ Around two-thirds say it is difficult for their agency to compete with the private sector for top talent (62%) which is less than their state and local peers (78%), and that the public sector isn't offering enough incentives for top tech talent to join (65%) also less than their state and local counterparts (78%).
- ▶ Sixty percent (60%) say tech-savvy professionals are not interested in working for the public sector and 88% say there needs to be a workforce strategy in place specifically to attract tech-savvy employees.



Attracting tech-savvy talent

Federal government leaders believe tech modernization efforts will help attract more talent to the public sector (84%), but many are worried they won't have the funding to hire skilled/trained staff (62%) or to upskill current staff (59%) to use emerging technologies.

- ▶ Federal government leaders are less likely than their state and local counterparts to say:
 - ▶ Technology modernization efforts will help attract more potential employees to the public sector (84% vs. 92%).
 - ▶ Emerging tech adoption will make their agency more attractive to future talent (78% vs. 89%).

Increasing agency collaboration across all levels

Breaking down silos

Collaboration across government agencies at each level is important, according to 89% of federal government leaders and many (91%) say constituents benefit from agencies working together.

- ▶ Federal government leaders are less likely than their state and local peers to say they collaborate with other government agencies by offering combined services to more holistically address constituents' issues (28% vs. 48%).

What agency collaboration looks like

While leaders at federal government agencies agree that most government agencies are collaborating with one another (97%), only (45%) are sharing best practices/lessons learned.

- ▶ Other ways federal government agency leaders say they collaborate with each other include:
 - ▶ Building tech/software solutions together (54%)
 - ▶ Building policy initiatives together (42%)
 - ▶ Partnering on grant distribution (42%)
 - ▶ Funding shared tech/software solutions (40%)

- ▶ Federal government leaders are more likely than their state and local peers to say their agency collaborates with other government agencies by building tech/software solutions together (54% vs. 38%) and by funding shared tech/software solutions (40% vs. 28%).





Despite the barriers, government modernization and emerging technology can help address issues that are top of mind. Some of these priority areas include constituent experience, climate resilience and grant modernization:

Constituent experience

Federal government agencies are committed to constituent-centric services (89%) and believe in creating transparency and easy access to information. Most (82%) say adopting emerging tech will help enhance the constituent experience.

- ▶ Most say it's important to be transparent with constituents about progress on initiatives (87%), improve digital systems to communicate with constituents (86%) and make information more readily available to constituents (78%).

Climate resilience

Extreme weather and climate resiliency are top of mind for federal government leaders and many say it's part of long- and short-term planning, but not to the extent of their state and local government peers.

- ▶ The majority (81%) say modernizing infrastructure so it is more resilient to extreme weather events is important.
- ▶ About just as many say climate resilience plays into the decisions of their agency's long-term (71%) and short-term planning (64%). Three in five say it plays into the decisions of their agency's staffing (57%) and funding (63%).
- ▶ Federal government leaders are less likely than their colleagues at the state and local level to say climate resiliency plays a role in the decisions of their agencies' day-to-day operations (64% vs. 76%) and staffing (57% vs. 72%).

Modernizing the government grants process

For federal leaders, the grant lifecycle is too long, too complicated and lacking in diversity, making grant modernization top of mind. In fact, they believe modernizing it should be prioritized and think adopting emerging tech could improve the experience.

- ▶ The majority of federal leaders say grant reporting should be more straightforward (86%) and modernizing the grant lifecycle should be a priority (85%). Many (83%) also say emerging tech adoption at their agency will improve the grantee/grantor experience.
- ▶ Many agree that the grant application process is too long (75%) and that it often takes too long for grants to be disbursed (75%).
- ▶ Also of note, 70% of federal agency leaders say the grant review process is too complicated and 69% say their agency spends a lot of time reviewing grants.
- ▶ About two-thirds (63%) say it's hard to keep track of grant applications and 65% agree that there is not enough diversity in grant applications.

Methodology

The [EY Center for Government Modernization](#) commissioned an online survey of 300 US government employees who have primary/shared decision-making power (i.e., hiring/staffing, budgetary, IT, long-term planning/strategy) at the federal, state and local level. The study was completed between October 10-23, 2023. The margin of error for state and local government decision-makers is +/- 7 percentage points and for federal government decision-makers the margin of error is +/- 10 percentage points.

Fact sheet: key state and local topline findings

While **91%** of state and local agency leaders agree that their agency will benefit from modernizing IT infrastructure, only **40%** say it is a priority today. This is likely due to barriers such as concerns about infrastructure and cybersecurity, workforce challenges and a lack of collaboration across agencies. Following are findings specific to US state and local agencies with comparisons to their federal counterparts where results were notable and statistically significant.

Key state and local findings

State and local government agency leaders understand the benefits of adopting emerging technologies at their agencies, as well as the importance of investing in them.

- ▶ A majority of state and local agency leaders agree that adopting emerging technologies at their agency will:
 - ▶ Increase their agency's overall efficiency (92%).
 - ▶ Improve data management and insights (92%).
 - ▶ Improve their agency's ability to use data (91%).
 - ▶ Free up employees' time for more valuable work (88%).
 - ▶ Help reduce operational costs (85%).
- ▶ Interestingly, state and local agency leaders are more likely (88%) than their federal counterparts (78%) to say that adopting emerging technologies at their agencies will free up employees' time for more valuable work.
- ▶ Regardless of whether their agency currently uses or plans to invest in emerging technologies, 95% of state and local leaders recognize the importance of investing in at least one emerging technology to modernize their agency, including:
 - ▶ Cloud networks (46%)
 - ▶ Artificial intelligence (AI)/machine learning (ML) (42%)
 - ▶ Generative AI (GenAI) (35%)
 - ▶ Voice recognition software (34%)
 - ▶ Digital scanners (31%)

94%
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in the next five years



- ▶ Most (94%) say their agency has concrete plans to invest in or enhance technology in the next five years, including:
 - ▶ Cloud networks (55%)
 - ▶ Digital scanners (42%)
 - ▶ GenAI (36%)
 - ▶ AI/ML (33%)

If the benefits are understood and efforts are being made to implement tech modernization, what's holding agencies back?

The need for infrastructure and cybersecurity modernization

Outdated infrastructure

Despite recognizing the importance of modernization, state and local government leaders are worried about outdated infrastructure and hardware.

- ▶ While most say their agency will benefit from modernizing its IT infrastructure (91%), only 40% say modernizing it is a priority today and only 41% say it is a top priority in the next five years.
- ▶ More than two-thirds (68%) are worried about not having the existing infrastructure to use emerging technologies.
- ▶ Similarly, 73% say their agency's IT infrastructure is simply not built to handle emerging technologies, compared to 57% of their federal counterparts.
- ▶ They are also worried about not having enough funding to maintain the infrastructure needed for emerging technologies (61%) and name outdated software (45%) and hardware (36%) as two of the biggest barriers to tech modernization efforts at their agency.



93%
of state and local agency leaders overwhelmingly agree that modernizing infrastructure is important for resilience against cyber-attacks

Cybersecurity preparedness

State and local agency leaders also overwhelmingly agree that modernizing infrastructure is important for resilience against cyber-attacks (93%). While improvements have been made in recent years, state and local leaders want their agencies to push for more funding and investment in cybersecurity preparedness.

- ▶ State and local government agency leaders are also more likely than their federal government counterparts to say their agency would be prepared for a cybersecurity breach today (89% vs. 79%), compared to one year ago (84% vs. 73%).
- ▶ But, about four in five say their agency should push for additional cybersecurity funding (85%) and that their agency should invest more in cybersecurity preparedness (80%).
- ▶ However, while about three-quarters (72%) of state and local government leaders wish their agency allocated more funding for cybersecurity, they acknowledge that they currently have to prioritize other areas.

Empowering the public sector workforce of the future prioritizing upskilling and training

For the public sector to maximize the potential of adopting new technologies, agencies must embrace a people-centric integration model.

- ▶ About two in five state and local agency leaders say one of the biggest barriers to technological modernization efforts at their agency is a shortage of skilled employees (46%), overworked staff (45%) and insufficient training and/or upskilling opportunities for existing employees (43%).
- ▶ Yet, less than half say training/upskilling existing employees on emerging technologies is a top operational priority today (45%) or in the next five years (40%).



Attracting qualified talent

Despite most state and local government leaders finding purpose in their work (95%), feeling proud of what they do (94%), and saying the work they do creates meaningful change (93%), state and local government agencies are struggling to attract qualified candidates and say it's taking longer to fill jobs than it used to.

- ▶ A majority agree that their agency struggles to find qualified candidates to fill roles (82%), including difficulty attracting entry-level job candidates (70%).
- ▶ State and local leaders are more likely than federal agency peers to say:
 - ▶ Filling jobs at their agency is taking longer today than it used to (79% vs. 65%).
 - ▶ It is difficult for their agency to compete with the private sector for top talent (78% vs. 62%).
 - ▶ The public sector isn't offering enough incentives for top tech talent to join (78% vs. 65%).
- ▶ Most (74%) say tech-savvy professionals are not interested in working for the public sector and 89% say there needs to be a workforce strategy in place specifically to attract tech-savvy employees.

Attracting tech-savvy talent

The majority of state and local government leaders (92%) believe tech modernization efforts will help attract more talent to the public sector but many are worried they won't have the funding to hire skilled/trained staff (65%) or to upskill current staff (65%) to use emerging technologies. They say increasing technological modernization efforts and adopting emerging tech is part of the solution.

- ▶ State and local government leaders are more likely than their federal counterparts to say:
 - ▶ Technology modernization efforts will help attract more potential employees to the public sector (92% vs. 84%).
 - ▶ Emerging tech adoption will make their agency more attractive to future talent (89% vs. 78%).

Increasing agency collaboration across all levels

Breaking down silos

Collaboration between federal, state and local agencies is important, according to 95% of state and local agency leaders, and most (97%) say constituents benefit from different agencies working together.

- ▶ State and local government leaders are more likely than federal leaders to say they collaborate with other government agencies by offering combined services to more holistically address constituents' issues (48% vs. 28%).

What agency collaboration looks like

While most state and local government agencies (97%) are collaborating with other government agencies, only half (55%) are sharing best practices/lessons learned.

- ▶ Other ways state and local government agency leaders say they collaborate with other government agencies include:

- ▶ Combining their services to address constituents issues more holistically (48%)
- ▶ Building policy initiatives together (43%)
- ▶ Partnering on grant distribution (40%)
- ▶ Sharing constituent data (with permission) (39%)
- ▶ State and local government leaders are less likely than their federal counterparts to say their agency collaborates with other government agencies by building tech/software solutions together (38% vs. 54%) and by funding shared tech/software solutions (28% vs. 40%).





Despite the barriers, government modernization and emerging technology can help address issues that are top of mind. Some of these priority areas include constituent experience, climate resilience, and grant modernization:

Constituent experience

State and local government agencies are committed to constituent-centric services (92%) and believe in creating transparency and easy access to information. Most leaders (90%) believe that emerging tech adoption will help enhance the constituent experience.

- ▶ Most say it's important to be transparent with constituents about progress on initiatives (93%), make information more readily available (93%), and improve digital systems to communicate with constituents (89%).

Climate resilience

Extreme weather and climate resiliency are top of mind for state and local government leaders and many say it's a part of long- and short-term planning.

- ▶ The majority (89%) say modernizing infrastructure to be more resilient to extreme weather events is important and 76% say climate resilience plays into the decisions of day-to-day operations of their agency.
- ▶ Two-thirds of state and local agency leaders say that climate resilience plays into decisions of their agency's long-term (67%) and short-term planning (64%), and about seven in 10 say that it plays into decisions of their agency's staffing (72%) and funding (66%).

Modernizing the government grants process

For state and local leaders, the grant lifecycle is too long, too complicated and lacking in diversity, making grant modernization top of mind. In fact, they believe modernizing it should be prioritized and think adopting emerging tech could improve the experience.

- ▶ Most say grant reporting should be more straightforward (91%) and modernizing the grant lifecycle should be a priority (87%). Many (87%) also say emerging tech adoption at their agency will improve the grantee/grantor experience.
- ▶ The majority agree that the grant application process is too long (79%) and that it often takes too long for grants to be disbursed (81%).
- ▶ Many (76%) state and local agency leaders say the grant review process is too complicated and 73% say their agency spends a lot of time reviewing grants.
- ▶ About two-thirds (69%) say it's hard to keep track of grant applications and 68% agree there is not enough diversity in grant applications.

Methodology

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