

The AI Revolution in Government: An Investigative Report

Government Beat Analysis

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Artificial intelligence is no longer a futuristic concept for U.S. state and local governments; it is a present-day reality that is rapidly reshaping public services and administrative functions. An investigation into government AI adoption over the last six months reveals a landscape of cautious but accelerating implementation, marked by significant legislative activity, the emergence of new leadership roles, and a growing array of practical use cases. While full-scale, cross-departmental AI deployment remains rare, a clear trend of exploration and targeted piloting is evident across the nation.

The State of AI Adoption: A Numbers Game

Recent data paints a picture of a public sector grappling with both the promise and the peril of AI. While interest is high, broad implementation is still in its infancy. A February 2026 survey by Euna Solutions, a public sector software provider, found that while **57%** of public sector leaders are exploring AI, only **16%** are actively piloting projects, and a mere **1.6%** report broad, cross-departmental deployment ¹. This cautious approach is further reflected in a separate survey by the International City/County Management Association (ICMA), which found that while **46%** of state and local government employees now use AI tools at work, only **17%** do so on a daily basis ².

Despite the slow rollout, the foundational work for wider adoption is being laid. Over **90%** of states have now adopted responsible-use policies and established inventories of their AI systems, indicating a strong focus on governance and accountability before full-scale implementation ³. This legislative push is significant, with state legislatures considering over **1,000** AI-related bills in 2025 alone, resulting in roughly **100** new laws across **38** states ⁴.

This activity is backed by substantial and growing financial investment. Globally, public-sector spending on AI-enabled solutions reached **\$12.6 billion** in 2023 and is projected to skyrocket to **\$78 billion** by 2033, according to a report from the World Governments Summit ⁵.

AI Adoption Statistic	Percentage/Value	Source
Public sector leaders exploring AI	57%	Euna Solutions ¹

Public sector leaders piloting AI	16%	Euna Solutions ¹
Broad, cross-departmental AI deployment	1.6%	Euna Solutions ¹
State/local employees using AI at work	46%	ICMA ²
State/local employees using AI daily	17%	ICMA ²
States with responsible-use AI policies	>90%	StateTech Magazine ³
Global public-sector AI spending (2023)	\$12.6 Billion	World Governments Summit ⁵
Projected global spending (2033)	\$78 Billion	World Governments Summit ⁵

How Governments Are Using AI: From Chatbots to Predictive Analytics

The application of AI in the public sector is diverse, ranging from citizen-facing services to internal operational efficiencies. The primary goal for many agencies is not to replace employees, but to augment their capabilities and free them up for higher-value tasks. The top success metric for AI implementation, cited by **40%** of agencies, is **staff hours saved** ¹.

Common use cases that have emerged in the last six months include:

- **Citizen Services:** AI-powered chatbots and virtual agents are increasingly being used to answer frequently asked questions, schedule appointments, and provide 24/7 assistance to residents. The City of Amarillo, Texas, for example, has deployed an AI assistant named "Emma" to enhance community engagement and accessibility ⁶.
- **Internal Operations:** Governments are leveraging AI for a wide range of internal tasks, including drafting correspondence, summarizing documents, routing requests, and analyzing data. In San Francisco, 30,000 city employees now have access to AI tools for data analysis and memo summarization ⁷.
- **Public Works and Planning:** AI is being used to make infrastructure management more predictive. In transportation, AI analyzes data from traffic signals, cameras, and maintenance records to identify high-risk areas and prevent crashes before they happen ⁸. In housing, the Los Angeles City Planning department is experimenting with

AI to read developers' plans and check them against building codes, speeding up the approval process ⁸ .

- **Procurement and Finance:** AI is streamlining complex administrative processes. Top use cases include assistance with procurement RFPs, forecasting and scenario planning for budgets, and research for grant matching ¹ .

The Rise of the Chief AI Officer

In response to the growing complexity of AI implementation, a new leadership role is emerging in city halls across the country: the Chief AI Officer (CAIO). These individuals are tasked with overseeing AI governance, coordinating efforts across departments, and ensuring that AI is deployed responsibly.

In late 2025, **Seattle, Washington**, and **Louisville, Kentucky**, became two of the first U.S. cities to appoint executive-level AI leaders ⁹ . Seattle's CAIO, Lisa Qian, is focused on governance, technical architecture, and workforce training. Louisville's CAIO, Pamela McKnight, is leading the city's first AI pilot project, which aims to reduce bottlenecks in the permitting and development review process ⁹ .

More recently, in February 2026, **Washington, D.C.**, became the first major U.S. city to mandate Responsible AI training for its entire government workforce, including employees and contractors ¹⁰ . This move underscores the growing recognition that a successful AI strategy requires not just technology, but also a workforce that is equipped to use it safely and ethically.

The Road Ahead: Challenges and Opportunities

Despite the progress, significant barriers to widespread AI adoption remain. The top challenges cited by public sector leaders are privacy and security concerns (57%), a lack of clear state and federal guidance (48%), and outdated technology and a lack of resources (37%) ¹ .

"The challenge won't be whether governments use AI, but whether they put the right governance, identity controls and human oversight in place to ensure these systems improve services without eroding accountability, resilience or public trust." — Ryon Saenz, Deputy Chief Information Officer, Alexandria, Virginia ⁸

As AI continues to evolve, governments will need to navigate a complex landscape of ethical considerations, from data privacy and algorithmic bias to the potential for job displacement. However, the potential benefits are immense. By embracing AI thoughtfully and responsibly, state and local governments have the opportunity to create more efficient, effective, and responsive public services for all.

References

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