



# State of the States 2026: Navigating the Ever-Changing Tech Landscape

NASCIO-PTI Tech Forecast  
January 22, 2026

Doug Robinson, Executive Director  
@NASCIO

# 2026 STATE CIO TOP 10 PRIORITIES

Priority Strategies, Management Processes and Solutions

1



**ARTIFICIAL INTELLIGENCE / GENAI /  
AGENTIC AI / MACHINE LEARNING**

2



**CYBERSECURITY & RISK MANAGEMENT**

3



**BUDGET / COST CONTROL / FISCAL  
MANAGEMENT**

4



**MODERNIZATION**

5



**DIGITAL GOVERNMENT / DIGITAL  
SERVICES**

6



**ACCESSIBILITY**

7



**IDENTITY & ACCESS MANAGEMENT**

8



**DATA MANAGEMENT & ANALYTICS**

9



**CONSOLIDATION/OPTIMIZATION**

10



**CLOUD SERVICES**





# What's Not Changing! State CIO Challenges

Theme	Core Challenge	CIO Quote
Legacy Modernization	Modernizing aging systems while advancing innovation	"Balancing modernization with legacy systems"
Funding Constraints	Outdated budget models and misaligned priorities	"Funding does not match expectations"
Workforce Pipeline	Recruiting, retaining, and reskilling IT talent	"Attracting and retaining talent"
Enterprise Alignment	Driving coordination across agencies	"Driving enterprise initiatives across a federated environment"
Cybersecurity & Change	Managing risk and fostering cultural readiness	"Cybersecurity and emerging threats"



# What's Trending?

AI and **Generative AI**: surge in use cases, legislation, regulations, governance, policies, piloting agentic AI, unmanaged expectations

Increase in state tech policy and **legislation**. Focus on data privacy, AI, deepfakes, social media safety for children, critical infrastructure protection, prohibited tech products

Federal funding **uncertainty and reductions**, devolution of federal programs to states, proposed **moratoriums on state AI regulation**, AI Action plan language, Presidential EO on state AI



THE UNITED STATES CONFERENCE OF MAYORS



WSJ PRO

# States Notch Victory Over 10-Year AI Law Ban

Moratorium in budget megabill would have hindered states' ability to protect residents from potential artificial intelligence-related harms, officials say

By *Angus Loten*

WSJ PRO July 2, 2025 5:30 am ET

June 26 2025

The Honorable Mike Johnson  
Speaker  
U.S. House of Representatives  
Washington, D.C. 20515

The Honorable John Thune  
Majority Leader  
U.S. Senate  
Washington, D.C. 20515

The Honorable Hakeem Jeffries  
Minority Leader  
U.S. House of Representatives  
Washington, D.C. 20515

The Honorable Chuck Schumer  
Minority Leader  
U.S. Senate  
Washington, D.C. 20515

Dear Speaker Johnson, Majority Leader Thune, Minority Leader Jeffries, and Minority Leader Schumer:

On behalf of the nation's states, cities, counties and municipalities, we write to express strong opposition to recent congressional proposals in the budget reconciliation process that would impose a federally mandated 10-year moratorium on state and local artificial intelligence (AI) policymaking. Furthermore, we strongly oppose the conditioning of any federal funds on compliance with such a moratorium.

Collectively, our organizations represent the nation's 50 states, 3,069 counties and 19,000 cities throughout the United States. We are enthusiastic about the opportunities presented by artificial intelligence (AI) and are already working to integrate this technology into critical public services – from smart infrastructure and traffic systems to permitting and public safety. By restricting state and local governments from enacting any policy or law regarding AI and GenAI for the next 10 years, Congress would be enacting significant overreach into state and local authority, while threatening the ability of state and local governments to responsibly regulate emerging technologies in ways that best serve their communities.

A 10-year pause could lead to immeasurable negative consequences without meaningful intervention from state and local governments, particularly in the likely absence of federal statutes. State and local authorities have adopted a highly measured and selective approach to regulating emerging technologies; thus, a one-size-fits-all federal moratorium would strip state and local governments of essential tools to protect residents, ensure safety, and manage risk.

## U.S. Senate Votes to Strike Moratorium on AI Regulation

The One Big, Beautiful Bill budget legislation that cleared the U.S. Senate Tuesday no longer includes the moratorium on state-level AI regulatory efforts, after a bipartisan vote to amend the bill by removing the provision.

July 01, 2025 • Julia Edinger



The U.S. Senate has now passed the One Big, Beautiful Bill budget reconciliation act — but without the provision banning state-level AI regulation.



The Council of State Governments



NATIONAL CONFERENCE OF STATE LEGISLATURES



NATIONAL LEAGUE OF CITIES



THE UNITED STATES CONFERENCE OF MAYORS



Representing Chief Information Officers of the States

December 19, 2025

### Joint Statement on the Presidential Executive Order Ensuring a National Policy Framework for Artificial Intelligence

The undersigned organizations — the National Conference of State Legislatures, The Council of State Governments, the National League of Cities, The U.S. Conference of Mayors, and the National Association of State Chief Information Officers — issue the following statement:

For years, state and local leaders have worked hard to understand artificial intelligence, its opportunities and its risks, to better serve the public. These efforts have led to working groups, public hearings, careful drafting, and bipartisan laws across the country to protect children, support the workforce, promote mental health, prevent fraud and exploitation, and safeguard privacy.

The recent Executive Order overlooks this important progress, creates uncertainty around federal funding, and moves away from repeated calls for partnership. By attempting to preempt state laws, it risks weakening protections for Americans and could lead to costly litigation instead of constructive collaboration.

We urge the President to reconsider this approach and work with states and local governments to build a strong, unified framework. An Intergovernmental AI Working Group would allow us to identify areas where state innovation can inform national policy while respecting states' rights and leveraging the expertise of state and local leaders.

Global competitiveness matters, and the best way to advance this technology safely is through cooperation. America will lead in AI only if all levels of government work together to craft policies that protect people, foster innovation, and reflect our democratic values.



Representing Chief Information Officers of the States



# Top Cybersecurity Risks

**Funding not adequate for risk:** Most states allocate just **2-4%** of their IT budget on cyber

**Increasing sophistication of threats with** sources of cyber attacks in states government: third party, AI-enabled, **foreign state-sponsored**

**Generative AI:** Only a handful of state CISOs are confident about handling AI-enabled threats. Most consider them to be **serious** or **concerning**

**Workforce woes:** hot button issues continue to be salary, **flexibility**, belonging, necessary skills

**Technical debt:** Legacy infrastructure is the top **barrier** identified by state CISOs

# State Actions on AI

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Developing AI governance policies and frameworks

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Creation of advisory committees and task forces

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Inventory and documenting uses in agencies and applications

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Collaborating with AI industry experts and researchers

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Responsible use, flexible guardrails, security, ethics

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Data governance: sources, data quality, bias, data privacy

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Transparency and accountability

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Procurement terms and contract provisions

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Investing in AI training and education programs



# What States have Implemented for GenAI

*respondents allowed to make multiple selections*



**88%** Responsible use, flexible guardrails, security, ethics



**84%** Inventory and documenting uses in agencies and applications



**82%** Creation of advisory committees and task forces



# What States have Implemented for GenAI

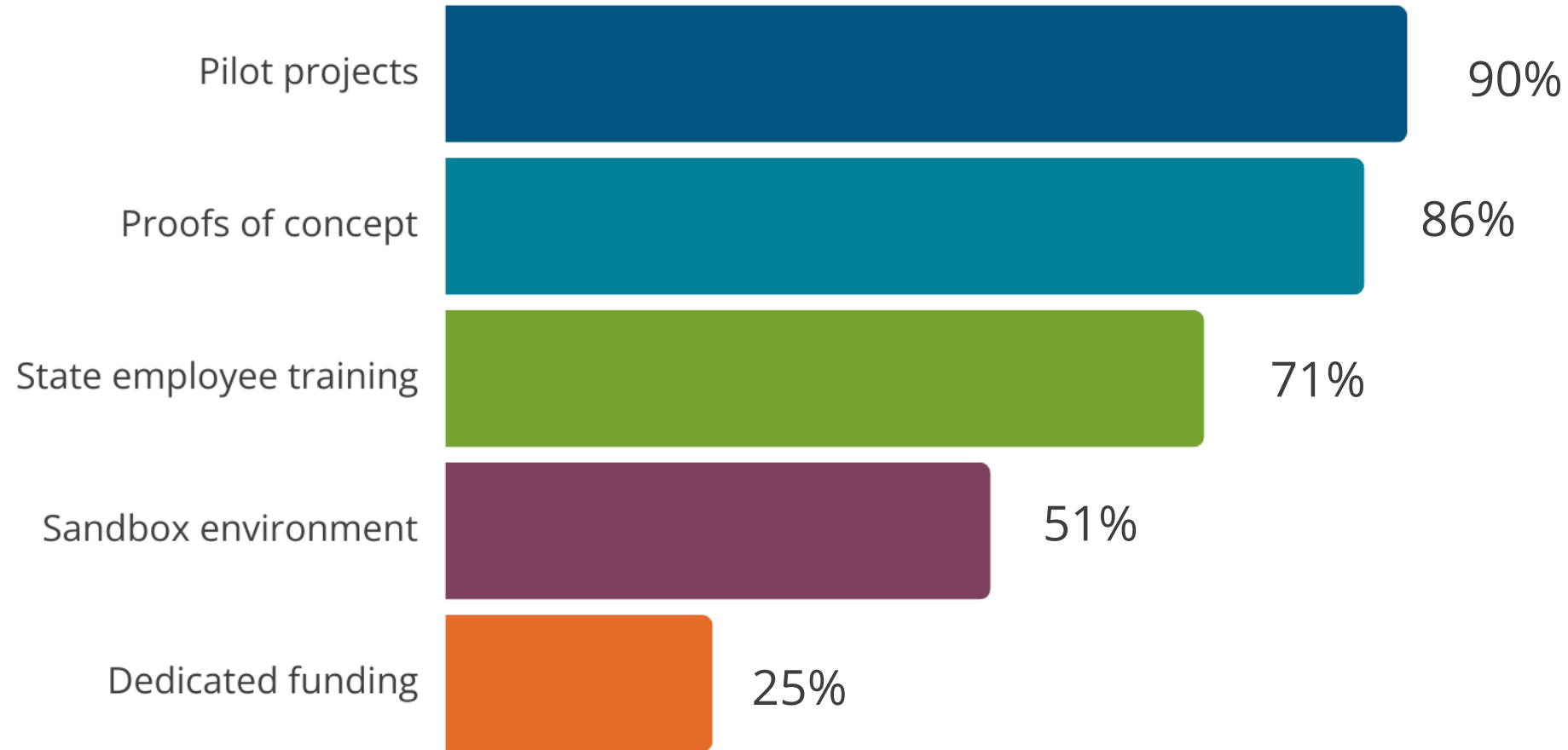
*respondents allowed to make multiple selections*

Enterprise policies and procedures on development and use	76%
Adopted a governance framework	65%
Data governance: data sources, data quality, bias, data privacy	53%
Procurement terms and contract provisions	41%
Requiring disclosure by software providers	41%
Transparency and accountability	41%
Impact on operations and workforce	27%



# GenAI Activities in Place in States

*respondents allowed to make multiple selections*



# GenAI Use Cases: Five Most Common

## 1. Chatbots & Virtual Assistants for Citizen Services and Internal Support

Widely deployed for both **public-facing services** (e.g., licensing, unemployment, benefits, portals) and **internal support** (e.g., IT help desks, HR, onboarding).

## 2. Document Generation, Summarization, and Policy Analysis

GenAI is used for **drafting policies, internal memos, contracts, job descriptions**, and summarizing lengthy regulatory or legislative documents.

## 3. Code Generation and Developer Productivity

GitHub, Copilot and other tools are supporting **code creation, review, and debugging**. Also used for **code assessment**, test data generation, and improving software development workflows.

## 4. Content Creation and Workforce Support

States are using GenAI to **develop training materials, write interview questions, and create web content**.

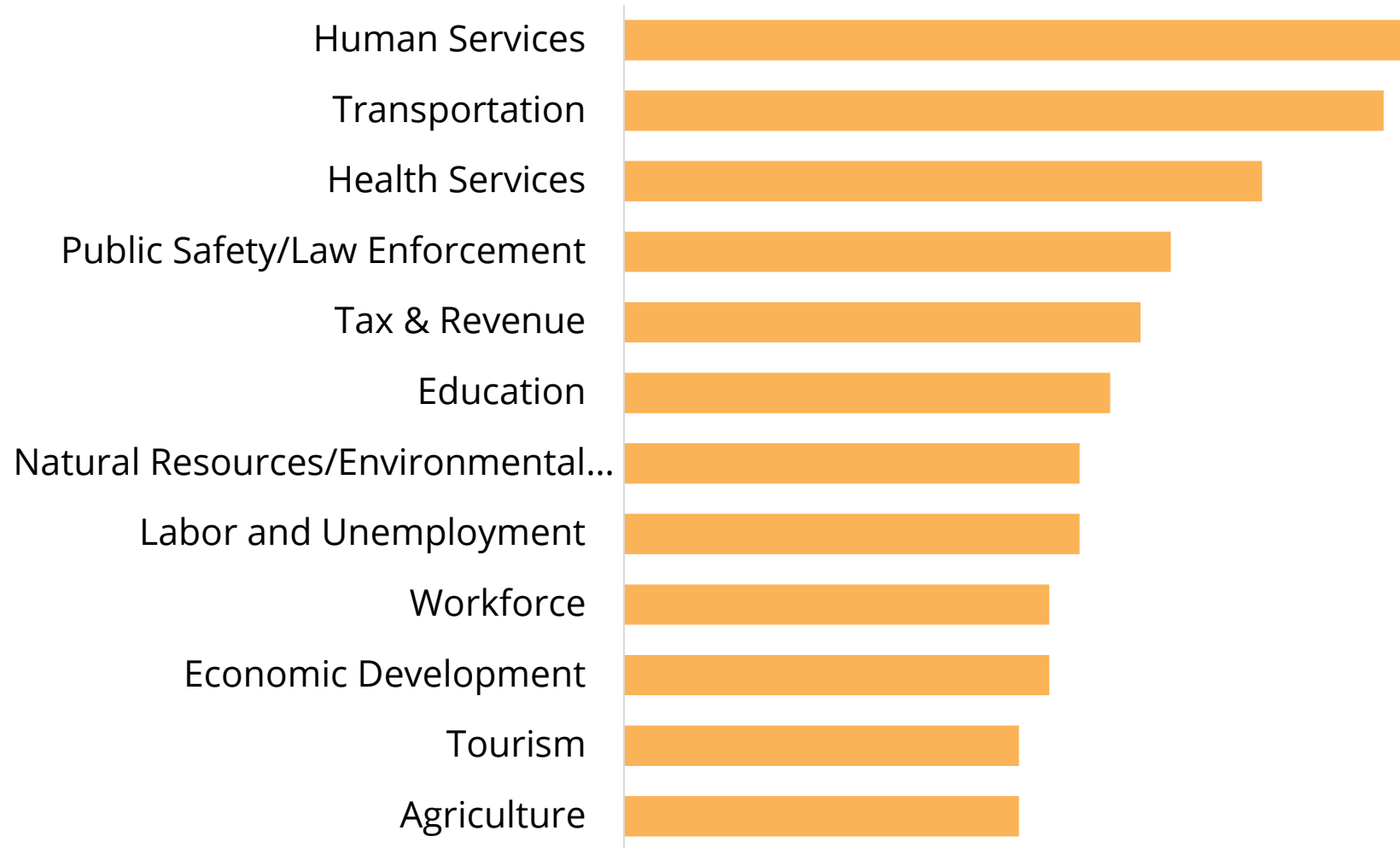
## 5. Analytics, Translation, and Specialized Use Cases

Includes **data analysis**, budget analysis, **cybersecurity incident correlation**, translation services, **GIS** and natural resources.



# AI Solutions in Production

State Government Functional Domain Distribution



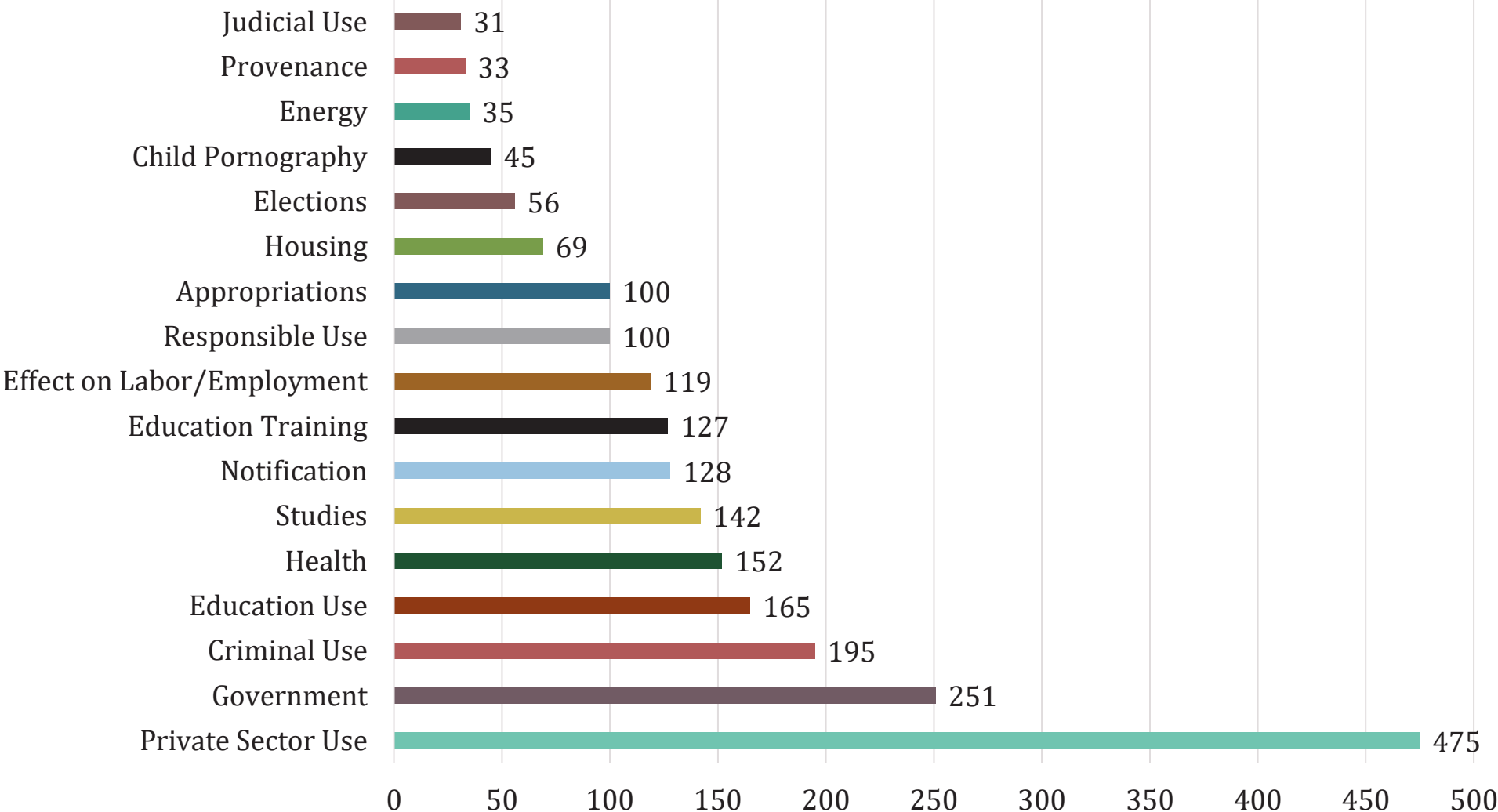
# GenAI Adoption: Challenges for States

- **Lack of robust enterprise governance**
- **Poor data quality/integrity**
- **Workforce readiness, skills gap / training**
- Security and privacy concerns
- Procurement process
- Shadow GenAI use by employees
- Legal issues, public records creation/retention
- Initial funding; long-term costs
- Accessibility – design and interface
- Technical infrastructure



# AI Regulation Across the States

## Artificial Intelligence 2025 Legislation



# Key state legislative themes and trends that have emerged

- Understanding State Government AI Use and Oversight
- Ensuring Private-Sector Governance and Consumer Protection
- Establishing AI Task Forces and Ensuring Interdisciplinary Collaboration
- Safeguarding Data Privacy
- Protecting from Algorithmic Discrimination and Implementing Risk-Based Frameworks
- Prohibiting the Use of Election and Non-Consensual Explicit Deepfakes
- Placing Restrictions on the Use of Companion Chatbots
- Regulating the Use of Algorithms to Set Prices
- Ensuring Compliance and Accountability Measures for AI Deployers and Developers



# What to watch in 2026...

Accelerated AI **adoption**, oversight, policies, ethics, data quality issues, privacy, workforce skills, limited funding, missteps

Continued increase in tech **legislation**: AI, deepfakes, regulating commercial AI use and chatbots, data privacy, children online safety

SLCGP extended with no funding; Congress and White House continue efforts to preempt state AI laws

Rushing to comply with DOJ final rule on website and mobile **accessibility** - deadline is April

Focus on digital services and modernization: improved experience, citizen **identity management**, declining trust in automation/AI

State **fiscal conditions**: economic uncertainty, modest revenue growth, budget concerns, impact of OBBBA provisions in FY27

and...



