



The Future of Government: Six Predictions for **2026** and Beyond

A new operating model for government is emerging. Here's what it looks like.

Introduction

Government is at a crossroads.

We see 2026 as a true inflection point for how state and local governments operate and serve constituents. In many cases, what agencies have done in the past won't work in the future. The pressures are too great — and the opportunities around new tools and approaches are too compelling to maintain the status quo.

Traditional public sector operating models, built for a more stable and predictable era, are reaching their limits.

Today's institutions confront rising expectations and fiscal pressures, workforce constraints, climate risk, and disruptive technological changes that are converging faster than they can respond. There's a widening disconnect between policy intent and day-to-day practice.

At the same time, state and local government leaders have access to an unprecedented array of technologies and resources to strengthen their understanding of community needs, offer services in more effective and resident-friendly ways, and increase government's overall capacity to deliver.

The future of public service will be defined by how well governments use new tools and smart approaches to translate public values into outcomes that people can see and trust.

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The Smart and Transparent State

Leaders will focus on human outcomes, measuring success by the impact that government services have on people and communities. Programs and policies must be anchored to real-world results. The goal is not simply compliance — they need to work in practice.

What it means: Delivering measurable outcomes requires greater visibility into how decisions are made. As a result, governments will expect more transparent and explainable systems — particularly as AI becomes embedded in core workflows. CIOs will integrate explainable AI into processes ranging from permitting to emergency response, supported by solutions that provide traceable decision support and end-to-end auditability.

Where it's happening: While the legislative landscape around AI regulation remains unsettled, states are already operationalizing these expectations through procurement. President Donald Trump's December 2025 executive order sought to limit state and local AI regulation, but states continue to shape requirements through guidance and RFPs focused on transparency and accountability.

- Georgia issued a [statewide policy specifically for procurement of AI tools](#), highlighting transparency and accountability as risks agencies must manage during acquisition and use.
- California's [GenAI procurement guidance](#) emphasizes vendor obligations like identifying/disclosing GenAI components and managing risks like bias and misuse.
- Washington's [statewide procurement guidance](#) covers GenAI procurement, development, deployment and ongoing monitoring — and signals that approval and review requirements could change as risk levels change.



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Citizens as Sensors

Leaders will use data and emerging technologies to inform decisions and personalize services. These tools must be used intentionally and responsibly, and they must be aligned with public values and ethical use.

What it means: Governments will rely on real-time data streams and automated agents to detect patterns, predict demand and trigger operational responses. This will increase public sector adoption of IoT platforms, edge computing, digital twins and agentic automation.

Where it's happening: One way this trend is manifesting is through the adoption of digital twin technology, which uses data to create dynamic virtual replicas of physical assets.

- In Texas, the [Port of Corpus Christi](#) developed a digital twin that shows port operations in real time in 3D to improve security and emergency response.
- The city of [Warner Robins, Georgia](#), is working with the Atlanta-based Partnership for Innovation to create a Citizen Safety Digital Twin for Community Resilience, which uses GIS mapping, historic crime data, camera feeds and automated license plate reader information to model and predict crime trends.

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3 The Great Administrative Unbundling

The need for better efficiency and performance will drive significant changes in how agencies architect, acquire and deploy technology. These changes will be aimed at increasing government's responsiveness and capacity to meet residents' needs, while controlling technology costs.

What it means: Agency technology stacks will break into shared components and microservices that can be reused across jurisdictions. As they invest in new technology, agencies will favor modular solutions, standards-based integration and open APIs, shrinking the advantage of monolithic vendors.

Where it's happening: Application modernization is a priority across state and local governments. IT leaders are moving to address technical debt for a variety of reasons — plugging security gaps, improving agility and responsiveness, reducing complexity, preparing back-end systems to support AI — and they're approaching modernization in more flexible and cost-effective ways.

- The [Texas Health and Human Services Commission](#) intends to use a modular approach to replace hundreds of aging applications. The commission plans to adopt shared services to provide common functions such as client registration and provider payments across the organization. The commission is also mandating the use of open APIs and standard data formats to improve interoperability and avoid vendor lock-in.

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The Next Generation of Procurement

Leaders will adopt policies, management practices and service models that are built to evolve. Agencies need the ability to learn from feedback and withstand disruption. Procurement is a key area where this trend will be felt.

What it means: Technology procurement will move to continuous discovery cycles where pilots, proofs of concept and agile contracting replace large one-time RFPs. Vendors will compete on speed, configurability and measurable outcomes rather than long-term system lock-in.

Where it's happening: Multiple jurisdictions are adopting incremental and results-based procurement models, often driven by their desire to experiment with AI.

- [California](#) and [Georgia](#) have adopted processes where departments develop problem statements and challenge vendors to solve them using AI. The most promising proposals become pilots and, if successful, may proceed to broader deployment.
- At the local level, [Oakland](#), California, recently invited AI companies to propose solutions to address 30 city government use cases. Similarly, Long Beach, California, invites vendors to submit technology solutions to legitimate city problems through its [Pitch Long Beach!](#) program. In both cities, the most compelling pitches move to the pilot stage, where they are tested and evaluated.

Vendors will compete on speed, configurability and measurable outcomes.



The Trust Compact

Trust is the operating condition for effective governance — and government leaders will view trust as a core asset. Transparency, explainability and meaningful public engagement are vital to ensure innovation strengthens confidence rather than eroding it

What it means: Technical transparency will become a procurement requirement, with agencies demanding visibility into data handling, model behavior and system risk. Vendors will need trust dashboards, explainable AI modules and robust security at test stations to compete.

Where it's happening: State and local governments are approaching trust in a variety of ways.

- Late last year New York City established an independent [Office of Algorithmic Accountability](#), tasked with auditing, monitoring and regulating AI tools used by city departments and investigating complaints made by the public.
- San Jose, California, works with vendors to complete fact sheets that contain basic information about AI solutions purchased by the city, including the data used to build the system and the conditions under which it performs best. The city publishes an [online inventory](#) — including the fact sheets — of all AI systems used by its departments.
- At the state level, the [Texas Responsible Artificial Intelligence Governance Act](#) requires public agencies to clearly disclose to residents when they are interacting with AI systems, and it empowers the Texas Attorney General's Office to examine vendor AI models and training data to investigate citizen complaints.

Agencies will demand visibility into data handling, model behavior and system risk.

6 The Human Infrastructure Act

Leaders will treat the government workforce as essential infrastructure.

Public employees must be equipped to grow and adapt – and they'll need new skills to navigate change.

What it means: Governments will prioritize technology upskilling and AI fluency across their workforces and communities. Public sector adoption of training platforms, virtual apprenticeship programs and AI literacy tools will grow as agencies shift budget toward workforce transformation and look to support future job-readiness for constituents.

Where it's happening: Multiple jurisdictions have launched AI training initiatives to improve workforce readiness. Some also offer courses to the public.

- [Maryland, Delaware](#) and [New York State](#) are some of the jurisdictions that have launched free AI upskilling programs for employees.
- [California's](#) training program is open to community college students, while [San Jose](#) and [Mesa, Arizona](#), offer free AI courses to all residents.

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A Call to Action

This is a defining moment for state and local technology leadership.

AI, data and modular platforms are reshaping procurement, service delivery and accountability – and these changes are often coming faster than policy can respond. Technology leaders must act now to embed transparency and responsible governance, redesign procurement, modernize architectures and invest in workforce capability. Leadership today will determine whether the next era of government is intentionally designed or inherited by default.

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