The Forces Driving Data Modernization for State and Local Government Leaders

Presented by
FEDSCOOP | STATESCOOP

Underwritten by
EY
Building a better working world
Executive Summary

State and local government agencies face a variety of challenges in modernizing their data management practices for enhanced outcomes.

In this new study, conducted by Scoop News Group and underwritten by EY, we sought to better understand the perspectives of state and local public sector officials regarding the challenges and opportunities associated with modernizing data management practices and their efforts to develop more robust and mature data governance models.

The study concentrated on several key aspects of data modernization efforts, seeking to:

› Gauge the maturity of data management capabilities at state and local agencies.

› Assess the primary motivations that have propelled agencies to prioritize IT modernization and data management.

› Shed light on how effectively agencies meet the data needs of their employees and partners.

› Explore potential steps that state and county/municipal government officials are considering to expedite the effective utilization of their data on a larger scale.
Management authority

Agencies have varying degrees of authority over mission data that tends to drive modernization efforts. Most state and county/municipal respondents (61%) polled in this study indicated their agency has centralized management authority over most mission-related data rather than decentralized or federated control, suggesting they have greater-than-average control. Perceptions varied, however, when comparing responses between agency IT executives and business executives, suggesting how and where to modernize may differ depending on the point of view.

Challenges for data governance

Nearly seven in 10 state agency respondents said limited resources are the most significant challenge in implementing and enforcing data governance. Lack of controls/IT support to support data quality was the second. County/municipal respondents indicated limited resources as their top challenge, although a lower percentage (41%) said reliance on third parties to manage data was their second most significant challenge.

Motivations to modernize data

Nearly half of respondents said the need to better manage risks as new technologies evolve was the top motivation for their agency to focus on IT services to modernize data management. State agency respondents said data policy enforcement remains fragmented and complex to standardize as their second motivation, while county/municipal respondents said greater flexibility to upgrade IT was their next most important motivator. Both levels of government said the fact that their workforce and constituents can’t find the information they need was another key driver.

Effectiveness of data management

When asked how effectively their agency managed data to meet its operational needs, business and IT executives had differing viewpoints. Nearly half of business executives (48%) said their agency meets the basic requirements to meet operational needs, compared to 57% of IT executives.

Data policy alignment

When asked about the extent to which their agency’s data policies/procedures are clear and aligned with their agency goals, a higher percentage of IT executives (41%) said they are fully aligned compared to 29% of business executives.

Advanced technology for data

Four in 10 state agency respondents consider their agency advanced or cutting-edge in terms of its data storage and analysis technology, while 32% of county/municipal respondents said the same. 60% of county/municipal respondents said they meet the basic requirements.

Executive Summary

Key Findings
Data accessibility

When asked how effectively their agency makes data accessible and valuable on a self-serve basis for different user groups, respondents said for:

- **Frontline employees conducting mission operations**: More than half of state and county/municipal respondents indicated effective or very effective.
- **Program managers who oversee mission operations**: Nearly two-thirds of state executives (64%) said they are effective or very effective compared to 50% of county/municipal executives.
- **Executives in/outside the agency with a stake in mission operations**: A greater percentage of state respondents (53%) said effective or very effective, compared to 45% of county/municipal executives.
- **Organizations that rely on their agency data**: Nearly half of both state and county/municipal said effective or very effective. A higher percentage of state respondents (18%) indicated ineffective or very ineffective.

Change in applications or sources

When asked if the number of sources or applications supplying mission/operation data their organization must manage has changed over the past three years, 64% of state agency respondents said it has increased by 20% or more. A higher percentage of county/municipal executives (32%) said it’s stayed the same.

Change in data sharing

When asked if the number of organizations their agency routinely shares data with has changed over the past three years, nearly half of state respondents (41%) and county/municipal (46%) said it has decreased.

Data architecture agility

A slightly higher percentage of county/municipal executives (34%) characterize their agency as having advanced agility in their data architecture to scale to meet projected needs, and 39% of state respondents said they have limited agility or lack agility. When comparing business and IT executives, 42% of the latter said cutting-edge or advanced agility; 39% of the business respondents said limited/lack agility.

Data environment & CX

The majority of state and county/municipal respondents both said that their current data environment meets the basic needs of their customer satisfaction objectives. There were differing opinions, however, when comparing business and IT executives. 51% of the latter said they meet the majority of essential needs.

Accelerating data utilization

Sixty-four percent of state respondents said their agency needs to modernize IT infrastructure to accelerate data utilization more effectively, while 57% of county/municipal respondents said they need to devote more resources to employee training. Business respondents (61%) also said employees need more training resources and IT respondents were split between modern IT infrastructure and adopting modern-cloud-based applications.

Timeline for modern data management

When comparing state and county/municipal agency respondents, there was little difference; however, nearly 50% of IT executives anticipate their organization modernizing its data management capabilities soon, within the next 6-24 months, compared to 26% of business executives.
Who We Surveyed

SNG conducted an online survey of 168 prequalified state and local government agency decision-makers. The survey was conducted online in November 2023.

Respondent by agency type

- State: 51%
- County, City or Municipal: 49%

Respondent breakout by job title

- Mission/Program/Ops/Admin/Budget roles: 58%
- IT/Security roles: 42%
Does your organization have formalized enterprise data management governance principles that define how your data will be managed, including roles and responsibilities?

**State**
- Yes: 93%
- No: 7%

**County/Municipal**
- Yes: 77%
- No: 23%

Base: 86

Base: 82
Which approach best describes your organization’s management authority over most mission-related data?

Perceptions of authority varied, however. IT leaders, who presumably have a clearer feel for the way data is managed, reported a higher percentage of data being federated than did business executives.

**Takeaway**

Perceptions of authority varied, however. IT leaders, who presumably have a clearer feel for the way data is managed, reported a higher percentage of data being federated than did business executives.
**Challenges for data governance**

All respondents and State vs. County/Municipal

What are your organization’s most significant challenges in implementing and enforcing data governance?

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<th>Challenge</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Limited resources</td>
<td>54%</td>
<td>66%</td>
<td>41%</td>
</tr>
<tr>
<td>Reliance on 3rd parties to manage data</td>
<td>32%</td>
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</tr>
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Motivations for modern data management

What motivates your agency most to focus on IT services to modernize your data management?

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Base: 168 | Base: 86 | Base: 82
## Motivations for modern data management

All respondents and Business and IT

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Base: 168  
Base: 98  
Base: 70
Effectiveness of data management

How effectively does your agency manage data to meet its operational needs?

When comparing state and county/municipal agency respondents, there was not much difference, however a higher percentage of IT executives believe they are effectively or very effectively managing their data.
To what extent are your data policies/procedures clear and aligned with your agency’s goals?

All respondents:
- Not aligned: 6%
- Partially aligned: 60%
- Fully aligned: 34%
Base: 168

IT Leaders:
- Not aligned: 1%
- Partially aligned: 57%
- Fully aligned: 41%
Base: 70

Business Executives:
- Not aligned: 9%
- Partially aligned: 62%
- Fully aligned: 29%
Base: 98

Again, when comparing state and county/municipal agency respondents, there was not much difference; however, a higher percentage of IT respondents believe their data policies are aligned with agency goals than was reported by agency business executives.
How satisfied are you with the overall data quality your agency relies on?

**State**
- Very unsatisfied: 3%
- Unsatisfied: 14%
- Neutral: 24%
- Satisfied: 38%
- Very satisfied: 20%

**County/Municipal**
- Very unsatisfied: 4%
- Unsatisfied: 20%
- Neutral: 23%
- Satisfied: 39%
- Very satisfied: 15%

**Business**
- Very unsatisfied: 4%
- Unsatisfied: 19%
- Neutral: 33%
- Satisfied: 31%
- Very satisfied: 13%

**IT**
- Very unsatisfied: 3%
- Unsatisfied: 13%
- Neutral: 11%
- Satisfied: 50%
- Very satisfied: 23%

Base: State: 86, County/Municipal: 82, Business: 98, IT: 70
How advanced is your agency’s technology for data storage and analysis?

State:
- Very outdated: 5%
- Outdated: 12%
- Meets basic requirements: 44%
- Advanced: 34%
- Cutting-edge: 6%

County/Municipal:
- Very outdated: 7%
- Outdated: 59%
- Meets basic requirements: 30%
- Advanced: 2%

Business Executives:
- Very outdated: 4%
- Outdated: 10%
- Meets basic requirements: 56%
- Advanced: 27%
- Cutting-edge: 3%

IT Leaders:
- Very outdated: 9%
- Outdated: 44%
- Meets basic requirements: 40%
- Advanced: 6%

Base: 86
Base: 82
Base: 98
Base: 70
How effectively does your agency make data accessible and valuable on a self-serve basis to the following user groups for decision-making?

Frontline employees conducting mission ops
- Very ineffective: 12%
- Ineffective: 31%
- Meets basic requirements: 41%
- Effective: 14%
- Very effective: 2%

Program managers who oversee mission ops
- Very ineffective: 8%
- Ineffective: 26%
- Meets basic requirements: 42%
- Effective: 22%
- Very effective: 2%

Execs in/out agency with stake in mission outcomes
- Very ineffective: 12%
- Ineffective: 34%
- Meets basic requirements: 34%
- Effective: 19%
- Very effective: 2%

Organizations that rely on agency data
- Very ineffective: 17%
- Ineffective: 29%
- Meets basic requirements: 35%
- Effective: 17%
- Very effective: 1%

Base: 86
How effectively does your agency make data accessible and valuable on a self-serve basis to the following user groups for decision-making?

- **Frontline employees conducting mission ops**: 9% Very ineffective, 38% Ineffective, 40% Meets basic requirements, 11% Effective
- **Program managers who oversee mission ops**: 12% Very ineffective, 32% Ineffective, 39% Meets basic requirements, 17% Effective
- **Execs in/out agency with stake in mission outcomes**: 18% Very ineffective, 37% Ineffective, 29% Meets basic requirements, 16% Effective
- **Organizations that rely on agency data**: 11% Very ineffective, 39% Ineffective, 35% Meets basic requirements, 13% Effective

*Base: 82*
How has the number of sources or applications supplying mission/operation data your organization must manage changed over the past three years?

**State**
- Decreased: 2%
- Stayed the same: 24%
- Increase 20%: 42%
- Increase more than 20%: 22%
- Don’t know: 9%

**County/Municipal**
- Decreased: 4%
- Stayed the same: 32%
- Increase 20%: 39%
- Increase more than 20%: 17%
- Don’t know: 9%

Base: 86 for State, Base: 82 for County/Municipal
How has the number of organizations your organization routinely shares data with changed over the past three years?

For State:
- Decreased: 1%
- Stayed the same: 40%
- Increase 20%: 37%
- Increase more than 20%: 10%
- Don't know: 12%

Base: 86

For County/Municipal:
- Decreased: 2%
- Stayed the same: 44%
- Increase 20%: 23%
- Increase more than 20%: 20%
- Don't know: 11%

Base: 82
How would you characterize the agility of your organization’s data architecture to scale to meet projected needs?

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<thead>
<tr>
<th>Category</th>
<th>State</th>
<th>County/Municipal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cutting-edge agility</td>
<td>7%</td>
<td>0%</td>
</tr>
<tr>
<td>Advanced agility</td>
<td>23%</td>
<td>34%</td>
</tr>
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Base: 86

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<td>4% 3%</td>
<td></td>
</tr>
</tbody>
</table>

Base: 98
Base: 70
How effectively does your current data environment support your organization’s customer satisfaction objectives?

- **Facilitates fluid CX**
  - State: 14%
  - County/Municipal: 9%

- **Meets majority of essential needs**
  - State: 33%
  - County/Municipal: 37%

- **Meets basic needs**
  - State: 41%
  - County/Municipal: 40%

- **Falls short of requirements**
  - State: 12%
  - County/Municipal: 15%

- **Contributes to poor CX**
  - State: 1%
  - County/Municipal: 0%

Base: 86 (State) 82 (County/Municipal)
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*Base: 98  Base: 70*
## Actions to accelerate data utilization  
**All respondents and State vs. County/Municipal**

What actions do you believe your agency should consider taking to accelerate data utilization more effectively at scale?

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<th>Action</th>
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<tbody>
<tr>
<td>Devote more resources to employee training around data use/analytics</td>
<td>56%</td>
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<td>57%</td>
</tr>
<tr>
<td><strong>Modernize IT infrastructure</strong></td>
<td>50%</td>
<td>64%</td>
<td>35%</td>
</tr>
<tr>
<td>Retain data management specialist to upgrade policies/practices</td>
<td>42%</td>
<td>37%</td>
<td>46%</td>
</tr>
<tr>
<td>Devote more resources to data hygiene/management</td>
<td>32%</td>
<td>34%</td>
<td>30%</td>
</tr>
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<td>Adopt modern cloud-based applications</td>
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## Actions to accelerate data utilization

All respondents and Business and IT

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Base: 168

Base: 98

Base: 70
How long do you anticipate your organization will need to modernize its data management capabilities to begin effectively capitalizing on AI potential?

- **All respondents and Business and IT**
  - 6-12 mo: 14%
  - 13-24 mo: 22%
  - 2-3 yrs: 27%
  - More than 3 yrs: 21%
  - Don’t know: 16%
  - Base: 186

- **Business Executives**
  - 6-12 mo: 9%
  - 13-24 mo: 17%
  - 2-3 yrs: 27%
  - More than 3 yrs: 24%
  - Don’t know: 22%
  - Base: 98

- **IT Leaders**
  - 6-12 mo: 20%
  - 13-24 mo: 29%
  - 2-3 yrs: 27%
  - More than 3 yrs: 17%
  - Don’t know: 7%
  - Base: 70
The forces driving data modernization for state and local government leaders

Managing data to meet operational needs
Quality data isn’t just an operational necessity; it’s a strategic asset that can drive innovation, efficiency and public trust. Yet fewer than half (44%) of respondents say their agency effectively manages its data to meet its operational needs – and only a third (34%) say their data policies align with their agency’s goals. Before leaping into ambitious IT modernization projects, agencies must cultivate a top-to-bottom appreciation for the value of modernizing how they manage their data.

The motivations to modernize
Nearly half of the respondents viewed managing risks associated with new technologies, including AI, as a top motivator for data modernization. You cannot do AI without automation, and you cannot have automation without good data. Yet only about one-third of state and local agency leaders described their data architecture as being advanced enough to meet projected demands. At the same time, roughly 6 in 10 agency leaders reported that the number of data sources they rely upon has increased by 20% or more in the past three years in the face of shrinking IT budgets – all of which drive the need for more effective data modernization.

Meeting stakeholder needs
While a majority of state and local leaders believe their agencies are making data accessible and valuable to program managers and, to a lesser extent, to frontline employees, differing perceptions between agency business executives and IT leaders suggest an over-optimistic view of how well agencies are actually meeting the data needs of their stakeholders. In particular, fewer than half of respondents said their current data environments support their organization’s customer satisfaction goals.

The impact of inaction
What happens if agencies shy away from embracing the need to modernize their data environments? In an increasingly data-driven world, agencies lagging in modernization face the compound effects of delayed decision-making, resource misallocation or citizen dissatisfaction. In the longer term, it also leads to greater risks and missed opportunities in serving the public. Consequently, agency business and IT leaders need to ensure their data modernization initiatives are closely integrated with their overall mission strategies while remaining flexible enough to adapt to societal challenges.
**STATESCOOP**

StateScoop is the leading media brand in the state and local government market. With more than 2.3 million monthly unique engagements and 187,000 daily newsletter subscribers, StateScoop brings together IT leaders and innovators from across government, academia and industry to exchange best practices and identify ways to improve state and city government. Reports on news and events impacting technology decisions in state and local government. With our website, newsletter and events, we've become the community's go-to platform for education and collaboration.

**FEDSCOOP**

FedScoop is the leading tech media brand in the federal government market. With more than 4.3 million monthly unique engagements and 202,000 daily newsletter subscribers, FedScoop gathers top leaders from the White House, federal agencies, academia and the tech industry to discuss ways technology can improve government and identify ways to achieve common goals. With our website, newsletter and events, we've become the community's go-to platform for education and collaboration.

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