



GAUGING THE IMPACT OF GENERATIVE AI ON GOVERNMENT

Presented by

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EXECUTIVE SUMMARY

Artificial Intelligence (AI) holds immense potential for transforming government agencies, enhancing citizen services, and boosting workforce productivity. However, its successful integration requires careful consideration of various issues. In this FedScoop survey, we asked **200** prequalified government leaders, IT and security officials and managers, and operations and procurement staff to identify the critical issues and concerns they face as they consider the adoption of generative AI in their agencies.

We examined where they are in assessing and prioritizing the potential impact of generative AI in improving business operations, mission execution, citizen services, IT/cybersecurity, data, case management, and oversight planning. We also explored the potential human impact of generative AI on their workforce.

This research report was produced by Scoop News Group for FedScoop and underwritten by Microsoft.

Understanding the impact

- Eight in 10 respondents indicated that their agency leadership is placing a critical **(29%)** or important **(55%)** priority level in understanding generative AI's impact on operations.

Risks vs. Benefits

- Nearly three-quarters of respondents **(71%)** said that the potential benefits of using generative AI in their agency's operations outweigh the risks, as compared to the risks outweighing the benefits **(20%)**.
- When thinking about the risks at their agency: the lack of controls to ensure information is generated ethically/responsibly was the top concern among all respondents **(65%)** and was ranked highest among all respondents, followed

by the lack of ability to verify/explain the generated output of information at **58%**. When comparing risks by federal civilian and defense/intelligence agency respondents, key differences were evident for lack of employee training to use generative AI responsibly — **64%** of defense/intel leaders compared to **38%** at fed civilian agencies.

- When thinking about the risks for the public's use of generative AI: More than half of all respondents **(62%)** ranked the potential to abuse/distort government-generated content as the top risk. When thinking about the risks for the public's use of generative AI: More than half of all respondents **(62%)** ranked the potential to abuse/distort government-generated content as the top risk. **68%** of federal civilian ranked

this as their top risk while **56%** defense/intel respondents were most concerned with the potential to generate misinformation to compromise national security.

Dedicated team/office to develop policies

- Seven in 10 of all respondents said their agency has established an enterprise-level team or office charged with developing AI policies and resources to support business unit AI initiatives. A higher percentage of defense/intel respondents **(78%)** said they have done so compared to 66% of federal civilian.
- Of **23%** of all respondents who said they have not established such, **42%** expect such a team will be established within the next 6 months.

Policies for employee use

- Of the **67%** of respondents who said their agency has issued preliminary governance policies or guidelines for how employees may or may not use generative AI tools for work, **74%** of them said the policies do not prohibit the use.
- Nearly seven in 10 respondents (**67%**) said they are aware of instances where employees are experimenting with generative AI for work.

Impact of generative AI on agency functions/use cases

Business Operations/Workflow

- More than half of all respondents (**51%**) said their agency is planning to assess the potential positive or negative impact within the next 12 months. A slightly higher percentage (**56%**) said their

agency is likely to plan or implement one or more generative AI applications within the next 12 months.

- **38%** of all respondents are confident that generative AI will deliver greater value in improving overall business operations, and **46%** are confident that it will achieve workflow cost savings.
- When comparing respondents by job function, **40%** of business executives said they're confident that generative AI will deliver greater value and **50%** are confident that it will achieve workflow cost savings for overall business operations. IT execs are less confident that will deliver greater value (**33%**) or cost savings (**38%**).

Mission Intelligence/Execution

- More than half of all respondents (**52%**) have started or will start to assess the potential positive or negative impact within the next 6 months. **53%** also say they've started planning or are likely to implement within the next 6 months. Respondents indicate a similar confidence level in that generative AI will deliver greater value (**36%**) and achieve cost savings (**38%**) for mission intelligence.
- When comparing respondents by job function, **40%** of business executives said they're confident that generative AI will deliver greater value and **50%** are confident that it will achieve workflow cost savings for overall business operations. IT execs are less confident that will deliver greater value (**33%**) or cost savings (**38%**).

Citizen services/accessibility

- Half of all respondents said they're planning to assess the potential impact of generative AI within the next 12 months; and nearly half (**49%**) said their agency is likely to implement an AI application within the same timeframe. Nearly half expressed confidence that generative AI would add greater value (**48%**) and save costs (**46%**).

IT development/cybersecurity

- (**50%**) of respondents said they're planning to assess the potential impact within the next 12 months; **53%** said their agency is likely to implement a generative AI application within the same timeframe. Somewhat fewer respondents voiced confidence that generative AI would add greater value (**45%**) for IT or reduce costs. (**42%**).

Data analytics/insights

- **45%** said they're planning to assess the potential impact of generative AI for data analytics work within the next 12 months; **52%** said their agency is likely to implement an application within the same timeframe. **42%** expressed confidence it would add greater value in this area, but **48%** felt it would help save costs.

Case Management/workflow

- More than half (**56%**) are planning to assess the potential impact of generative AI for case management workflows in the next 12 months; **52%** said their agency is likely to implement an application within the same timeframe. Four in 10 expressed confidence such applications would yield greater value while **44%** said it would save costs.

Oversight planning/reporting

- **47%** said they're planning to assess the potential impact of generative AI for oversight work within the next 12 months; the same percentage also said their agency is likely to implement an application within the same timeframe. Confidence for cost savings was slightly higher at **45%** compared to **39%** for delivering greater value.

Differing priorities for implementation

- Business and IT executives indicated different priorities for implementing generative AI for the different use cases. For example, business leaders said data analytics would likely see the greatest investment rollout for generative AI in the coming year while IT executives said business operations/workflow would likely see the greatest investment attention.

Generative AI and its impact on employees

- Nearly two-thirds (**65%**) of all respondents said their agency has assessed the potential impact of generative AI on its employees.
- There was a sense of urgency to recruit or upskill talent to support the use of generative AI, with **28%** of those polled saying their agency leadership views recruitment or upskilling as a “critical” and **49%** calling it “important.”

Workplace concerns

- When asked where they see generative AI presenting the greatest concerns for their organization’s employees, **58%** of all respondents said job elimination ranked highest, followed closely by the potential of being repositioned in the organization (**57%**).

- When comparing responses by job function, **65%** of IT executives indicated that repositioning was the greatest concern, followed by the impact on employee satisfaction (**52%**). Business executives, on the other hand, indicated job elimination ranked highest (**64%**) as an employee concern, followed by the need to address employees’ concerns about their work rights (**63%**).

Workplace opportunities

- When asked where they see generative AI presenting the greatest opportunities for employees, **65%** of all respondents said it was the ability to give employees added technical support, followed by the ability to reduce the time required to complete work processes (**64%**). While business executives as a cohort ranked

those opportunities at similar rates, a higher percentage of IT executives (**77%**) indicated that the ability to free up employee tasks to produce more valuable work was the greatest opportunity.

Who We Surveyed

SNG conducted an online survey of **200** prequalified federal government decision-makers. The survey was conducted online in August 2023.

Respondent breakout by job title

Mission/Program/Ops/Admin/Budget roles

60%

Senior IT/Security roles

40%

Respondent breakout by agency type

Civilian

57%

Defense and Intelligence

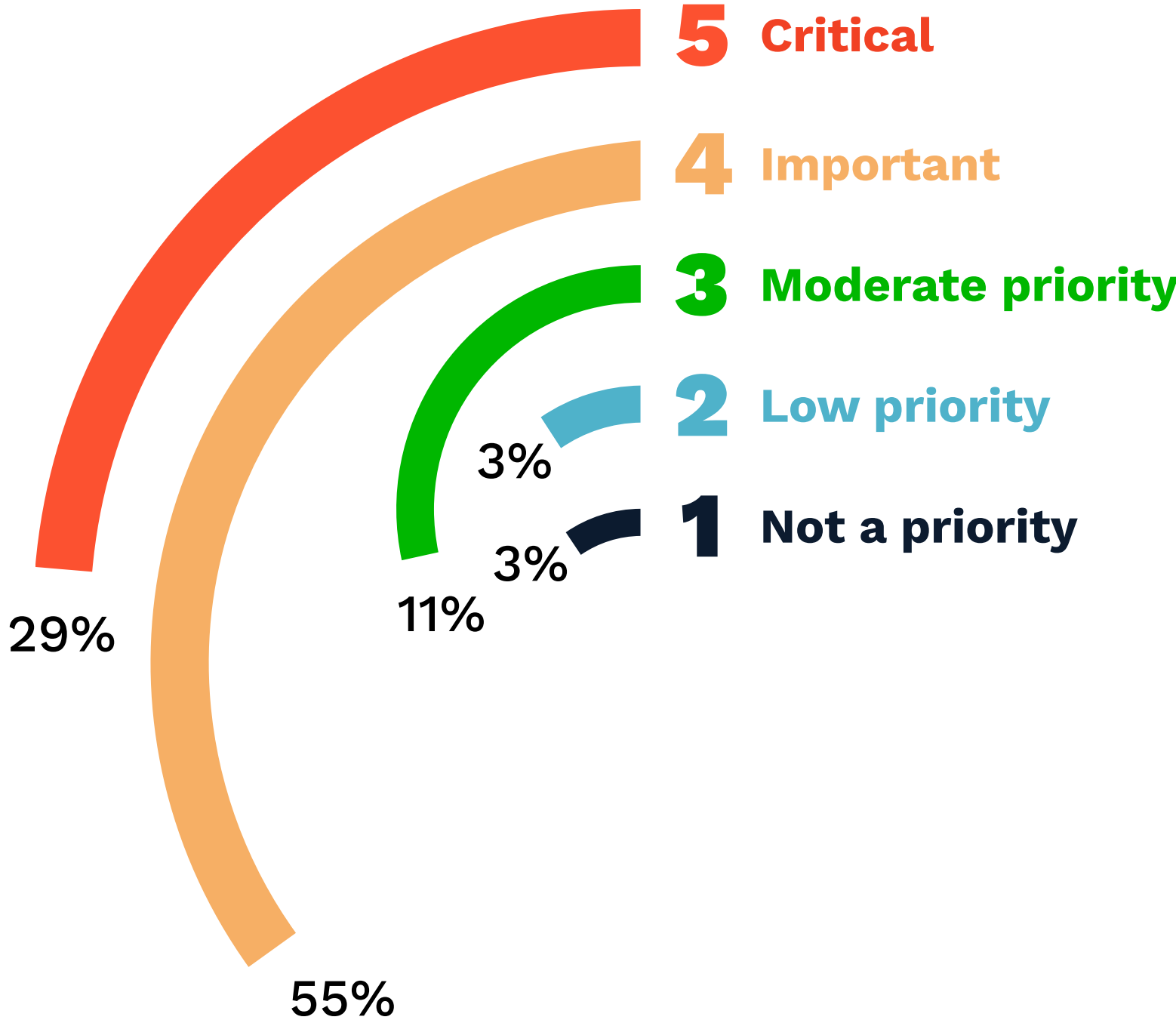
43%

PRIORITY ON UNDERSTANDING AI IMPACT ON OPS

All respondents

Priority that agency leadership places on understanding the impact that generative AI can have on operations.

Scale of **1 to 5**, where 1 is “Not a Priority”, and 5 is “Critical.”



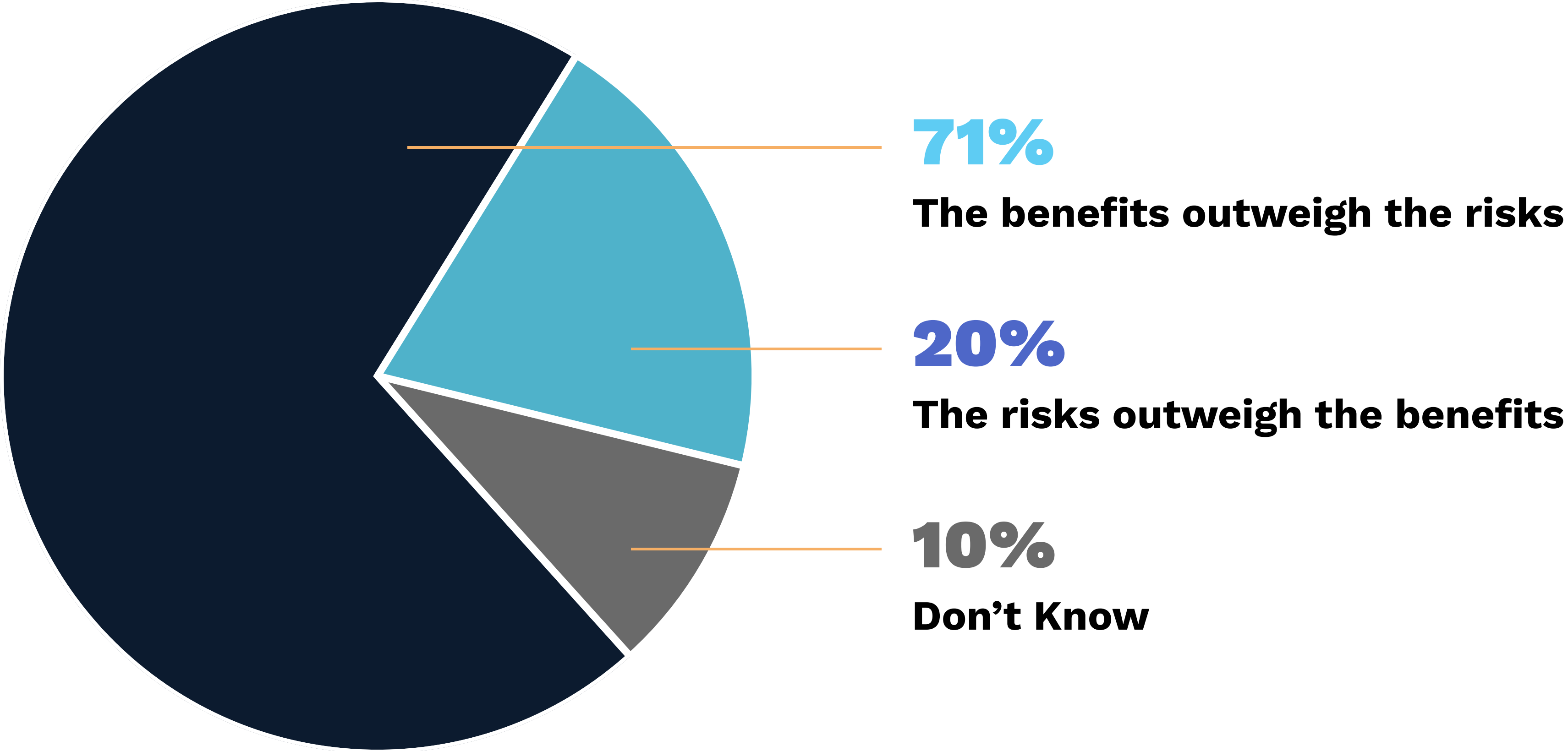
8 in 10 government executives polled said their agency leaders view “understanding AI’s impact on operations” as “critical or important.”

Base: 200

RISKS VS BENEFITS ON GENERATIVE AI ON OPS

All respondents

*Do the potential benefits of using generative AI in your agency's operations outweigh the risks?
Or do the risks outweigh the benefits?*



Base: 200

TOP CONCERNS ON GENERATIVE AI RISKS AT ORGANIZATION

All respondents + agency type

	ALL	Federal Civilian	Defense/Intel
Lack of controls to ensure information is generated ethically/responsibly	65%	59%	72%
Lack of ability to verify/explain the generated output of information	58%	62%	53%
Elevated risk of security and privacy violations	54%	59%	46%
Lack of employee training to use gen AI responsibly	49%	38%	64%
Lack of transparency on the quality of input information	45%	48%	40%
Risk of not keeping pace with similar organizations in leveraging gen AI	22%	24%	19%
	Base: 200	Base: 115	Base: 85

TOP CONCERNS FOR THE PUBLIC'S USE OF GENERATIVE AI

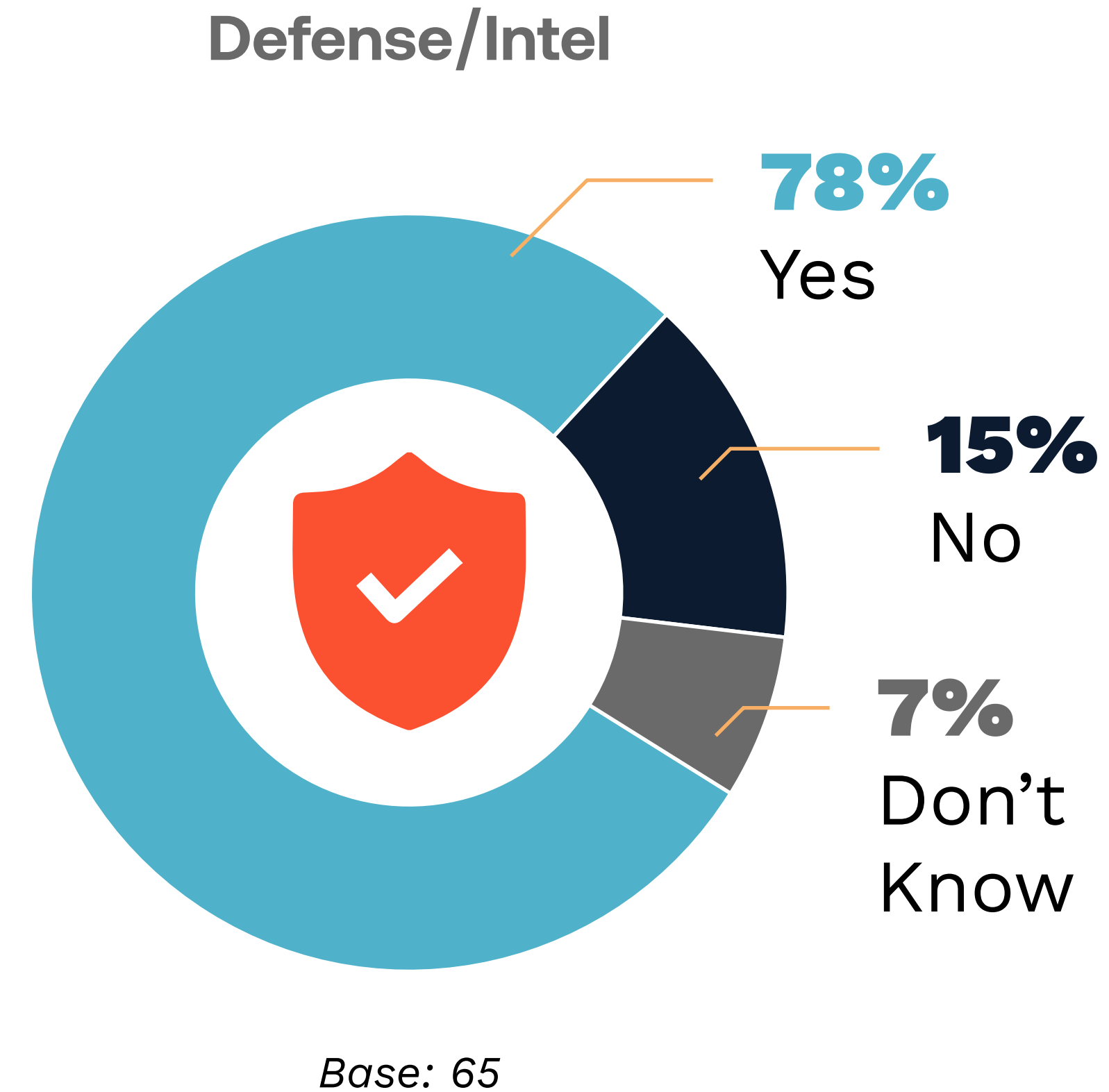
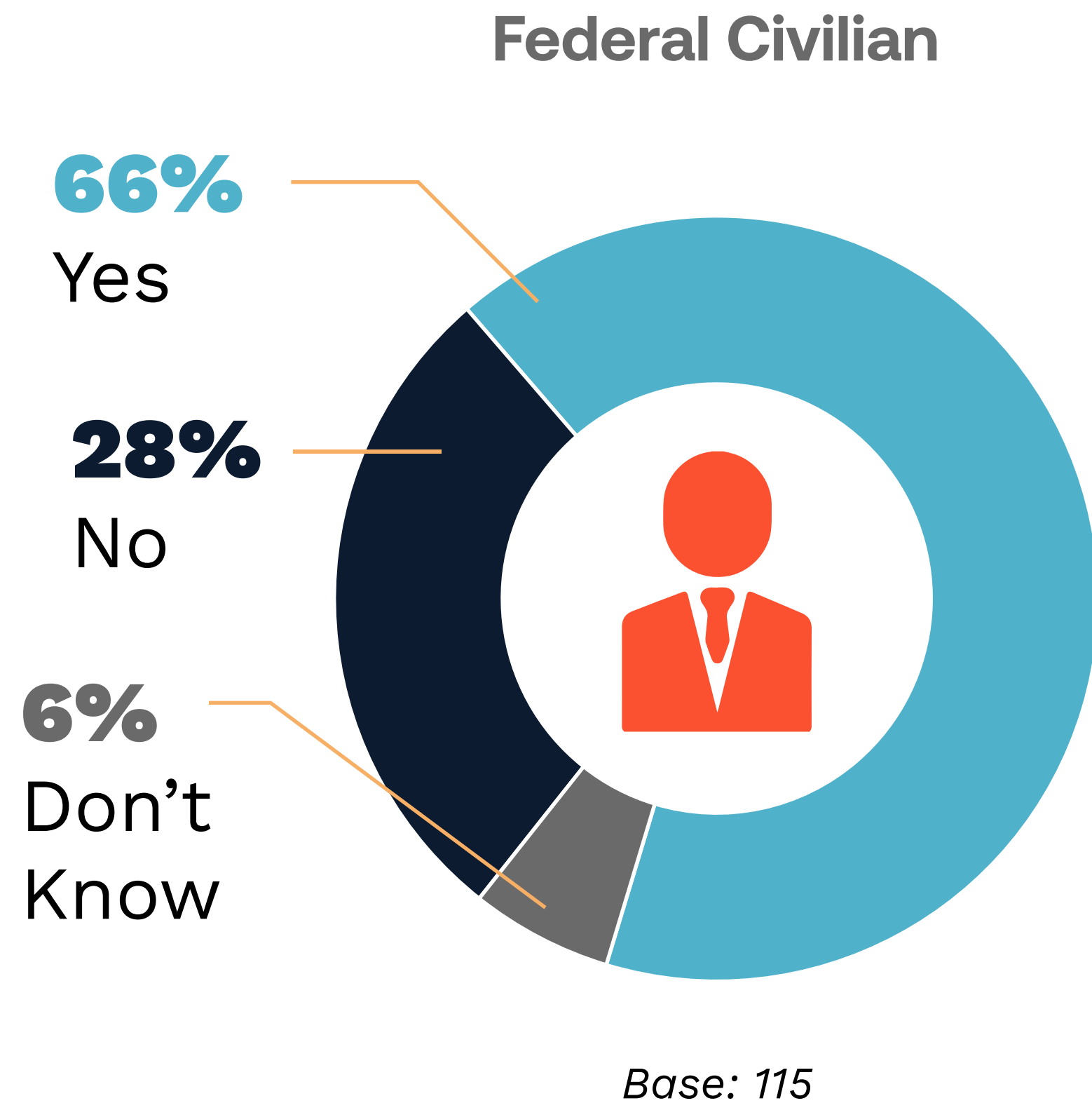
All respondents + agency type

	ALL	Federal Civilian	Defense/Intel
Potential to abuse/distort gov-generated content in the public domain	62%	68%	54%
Potential to submit fake/fraudulent info to federal agencies	59%	63%	52%
Potential to accelerate cybersecurity threats	52%	51%	53%
Potential to generate misinformation to compromise national security	51%	46%	56%
Potential to overwhelm/distort the public comment process	46%	46%	46%
Potential of gen AI to compromise national infrastructure	27%	23%	32%
	Base: 200	Base: 115	Base: 85

ESTABLISHMENT OF TEAM/OFFICE TO DEVELOP POLICIES

Agency type

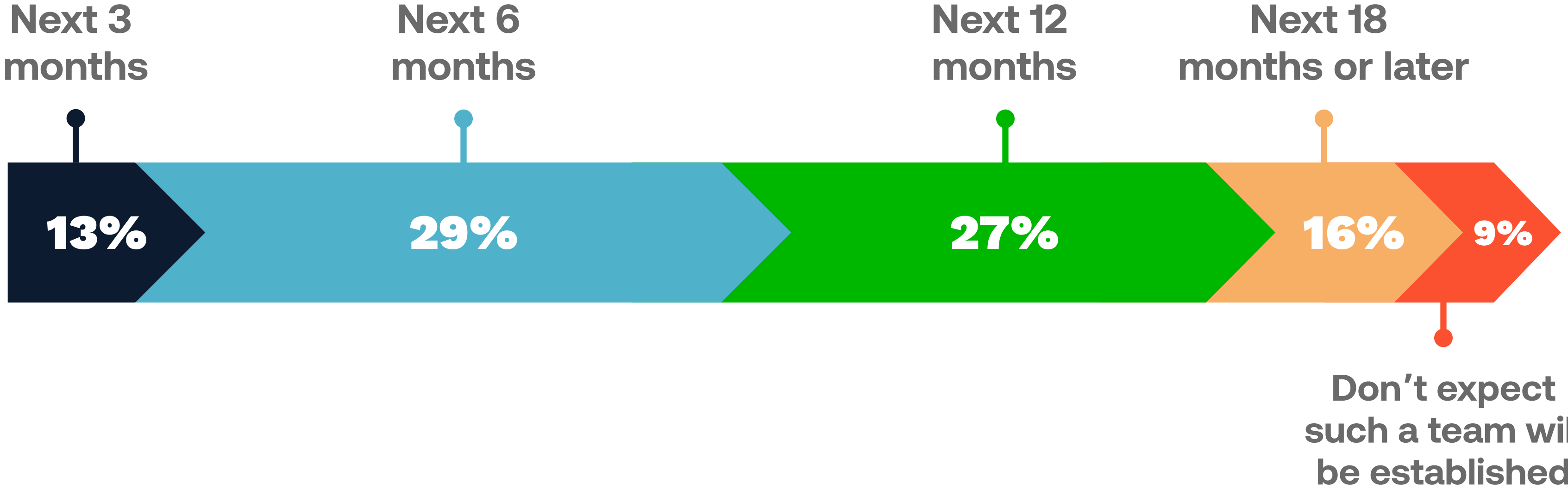
Established an enterprise-level team or office charged with developing AI policies and resources to support business unit AI initiatives.



ESTABLISHMENT OF TEAM/OFFICE TO DEVELOP POLICIES

All respondents

Of the 23% of all respondents who answered NO, the percent who expect a team will be established in the future:



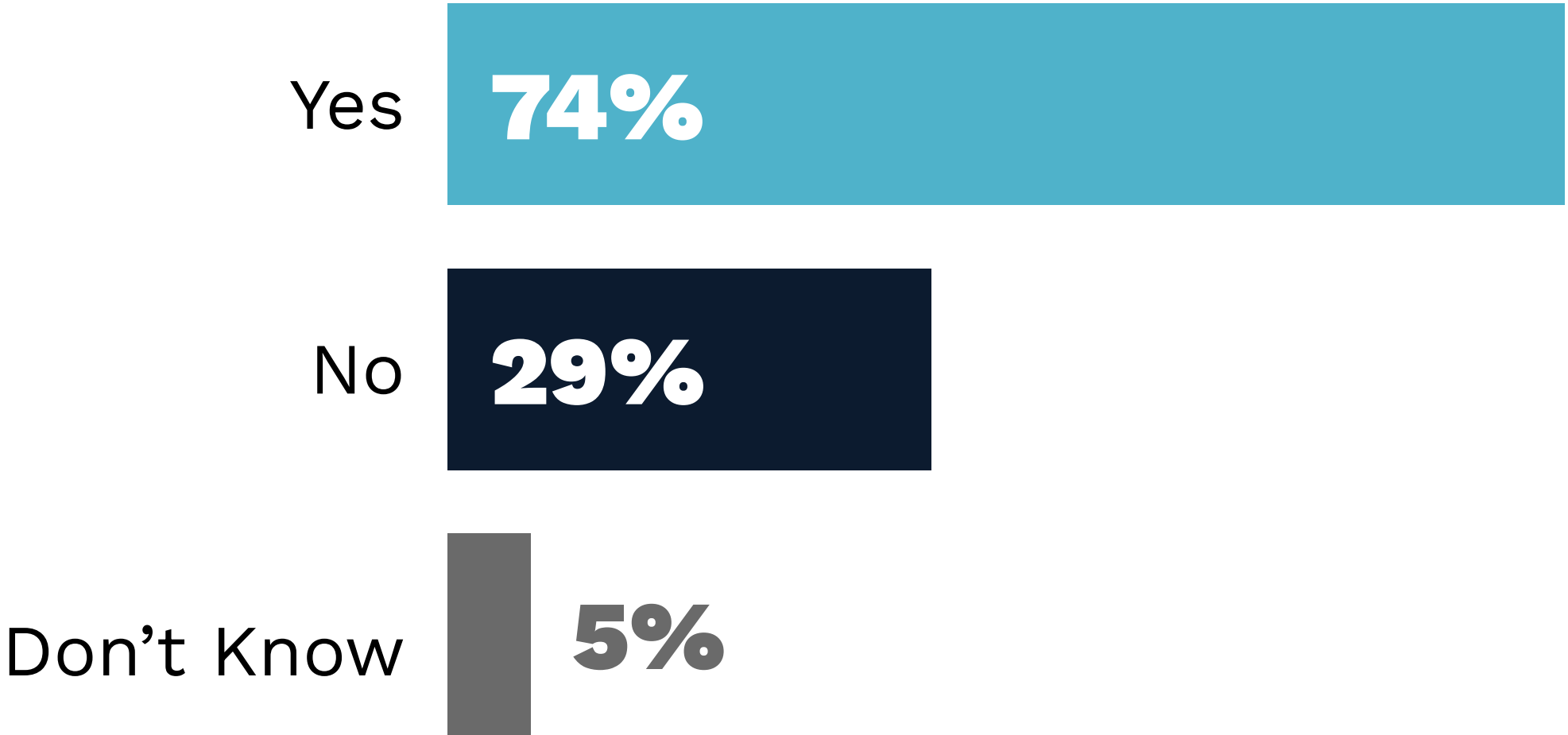
Of the 23% of respondents whose agencies had not yet established an enterprise-level AI team or office, 7 in 10 expect their agency will establish one in the next 12 months.

Base: 45
7% don't know

POLICIES OR GUIDELINES FOR EMPLOYEE USE OF GEN AI

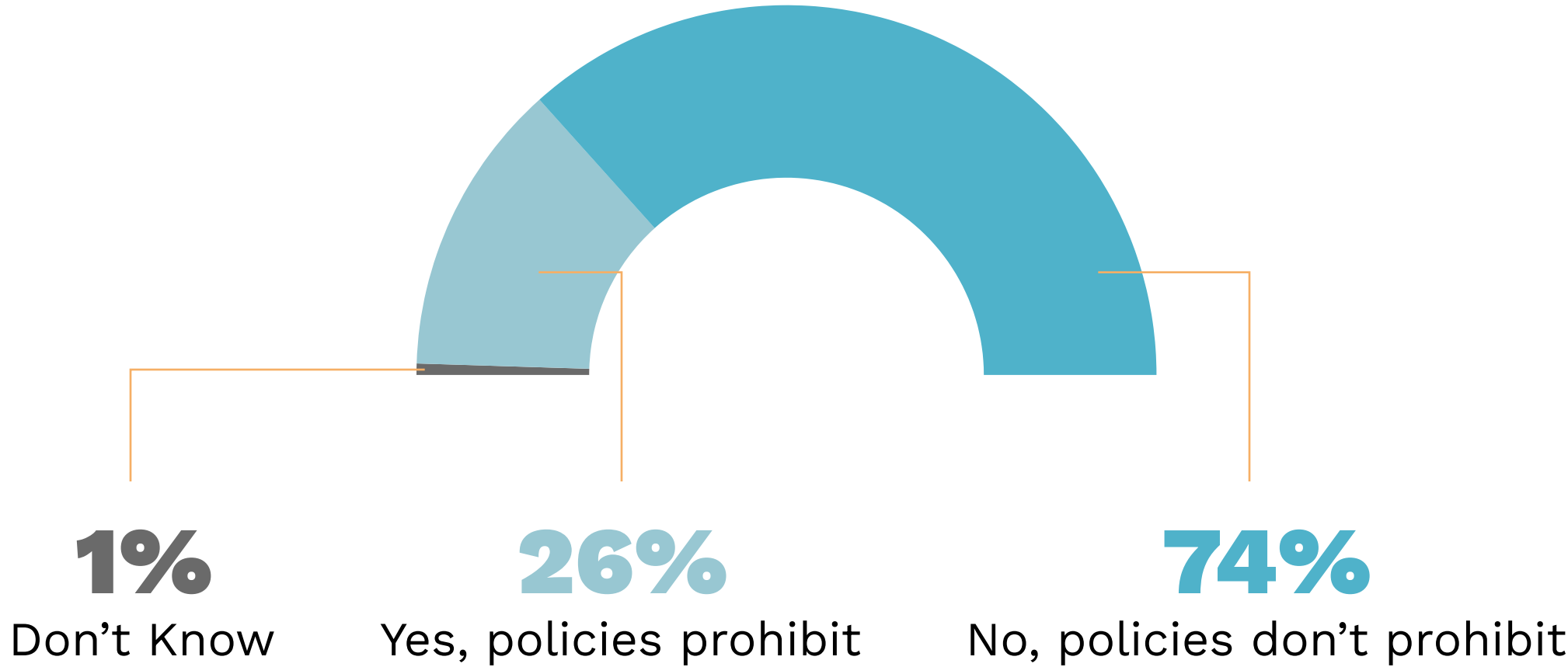
All respondents

Organization issued preliminary governance policies or guidelines for how employees may and may not use generative AI tools for work.



Base: 200

While **2 in 3** respondents say their agency has issued preliminary guidance on AI use, only in **26%** of those cases do those policies prohibit employees from using generative AI tools for work.

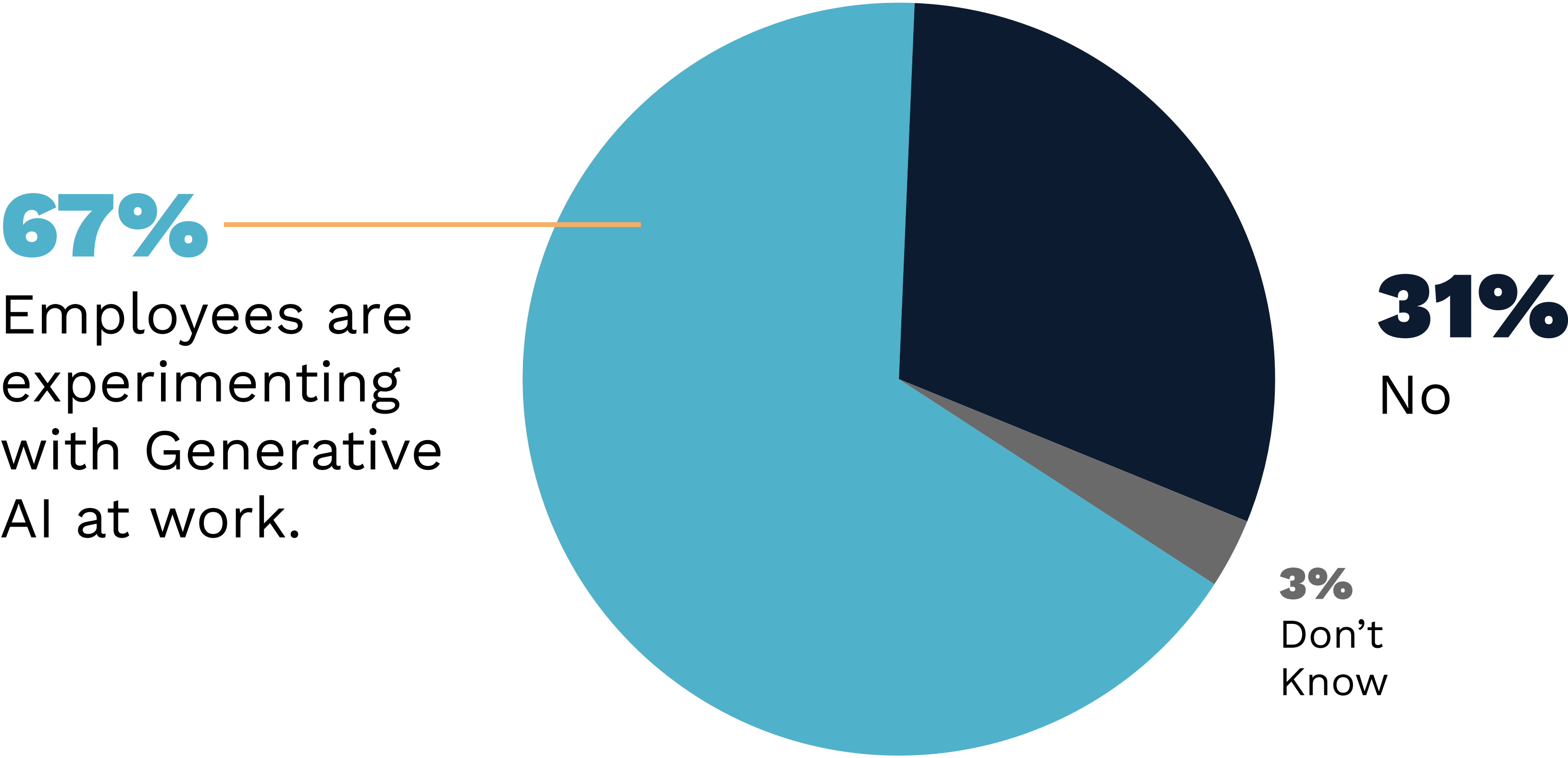


Base: 133

EMPLOYEE USE OF GEN AI FOR THEIR WORK

All respondents

Respondents aware of instances within the organization where employees are experimenting with generative AI tools for their work.



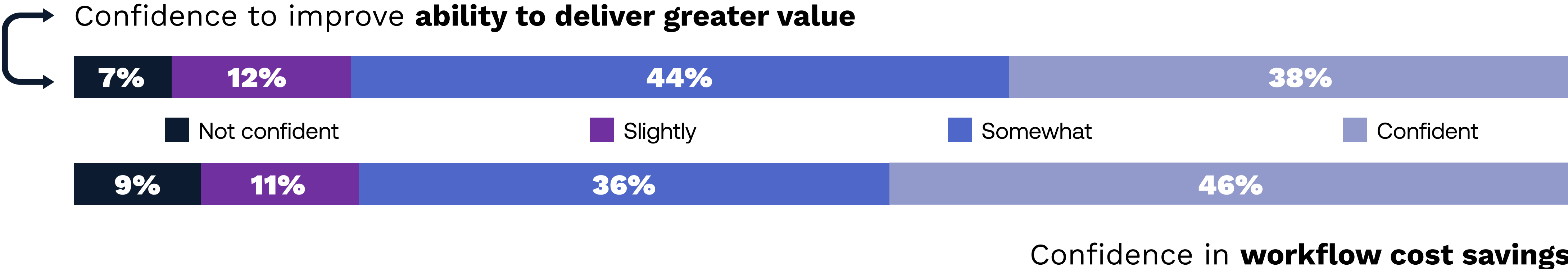
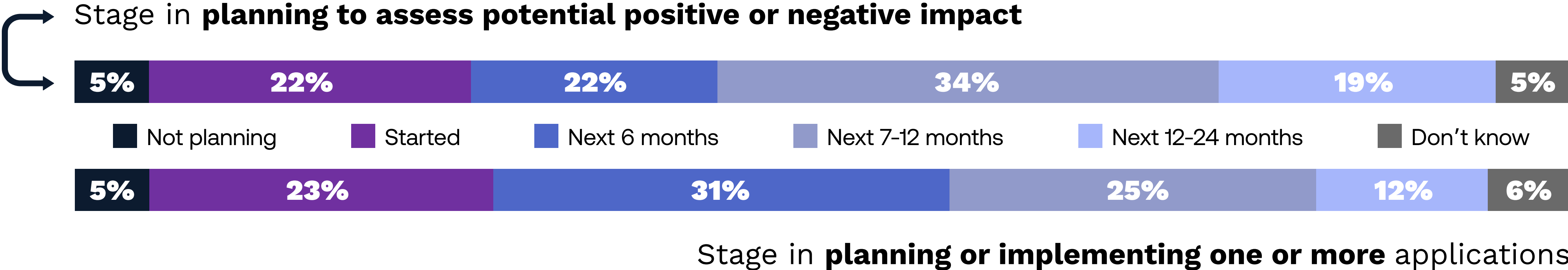
Base: 200



GENERATIVE AI & AGENCY OPERATIONS

BUSINESS OPERATIONS/WORKFLOW

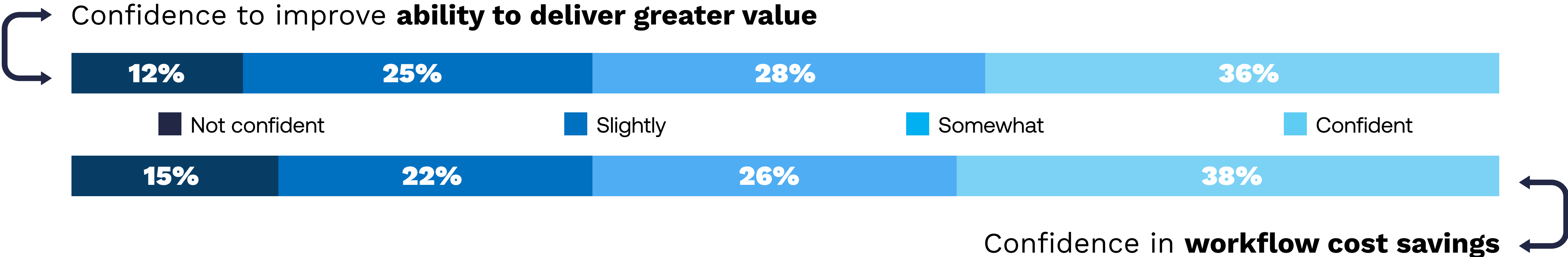
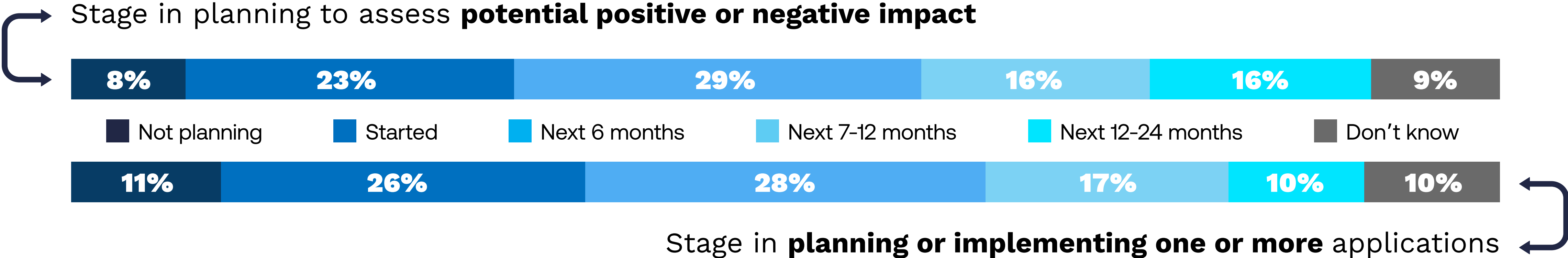
All respondents



Base: 200

MISSION INTELLIGENCE/ EXECUTION

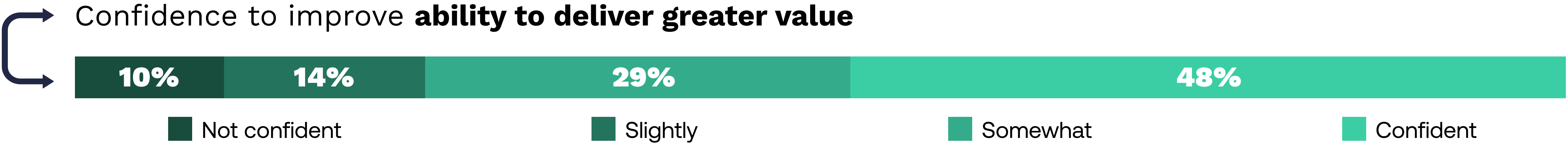
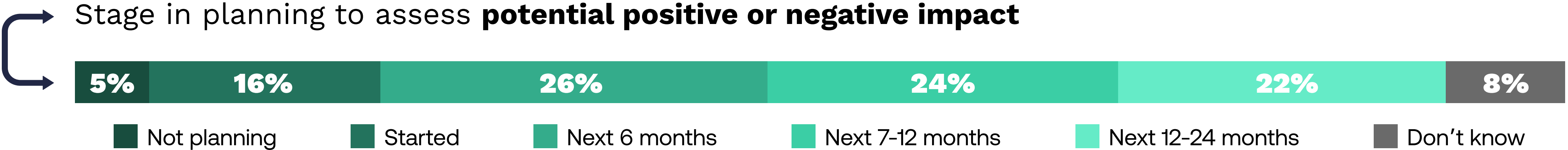
All respondents



Base: 200

CITIZEN SERVICES/ACCESSIBILITY

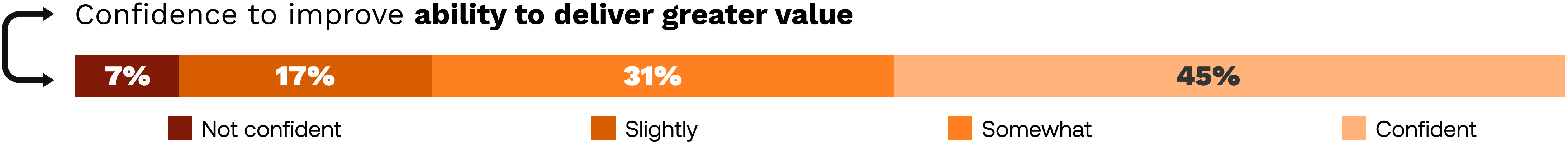
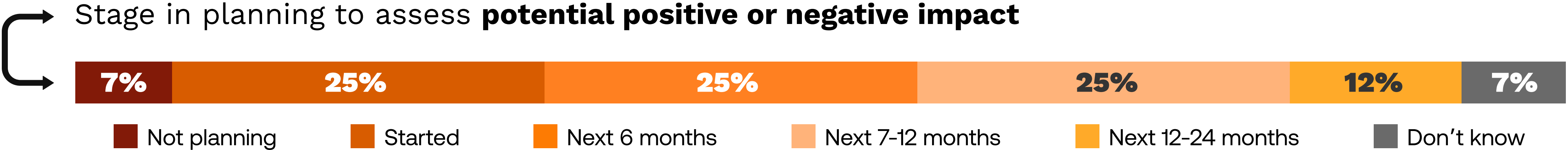
All respondents



Base: 200

IT DEVELOPMENT/CYBERSECURITY

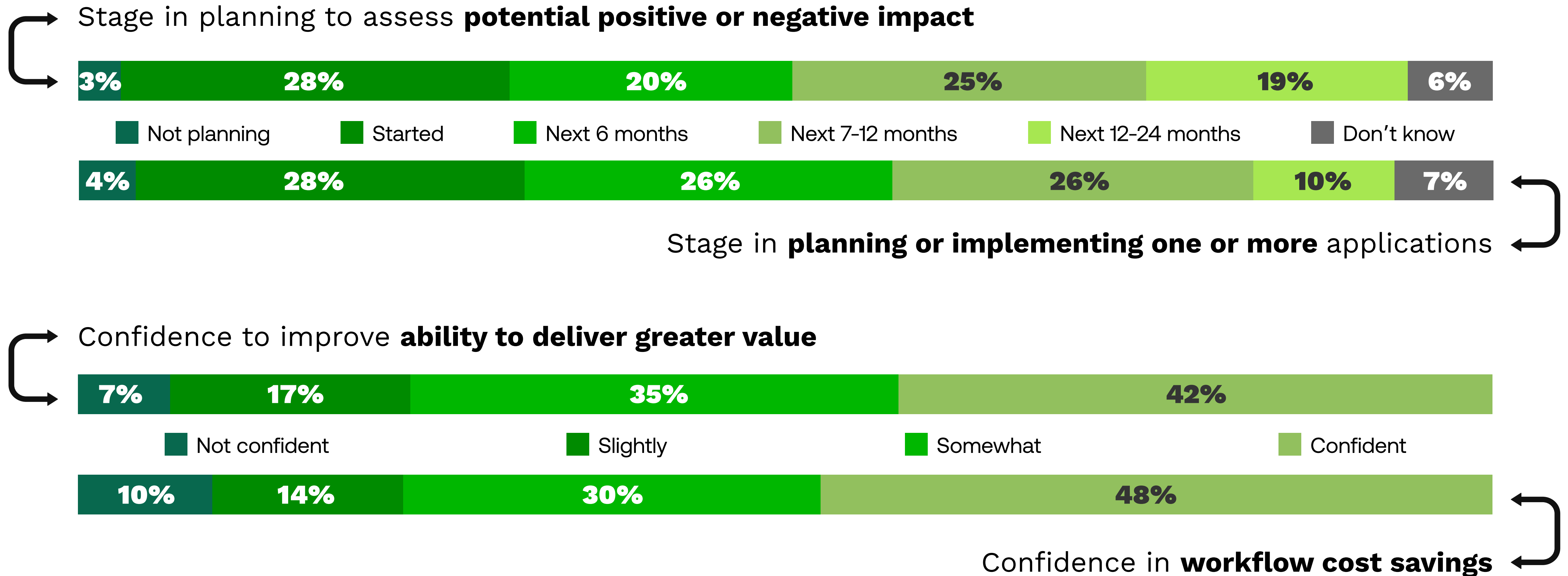
All respondents



Base: 200

DATA ANALYTICS/INSIGHTS

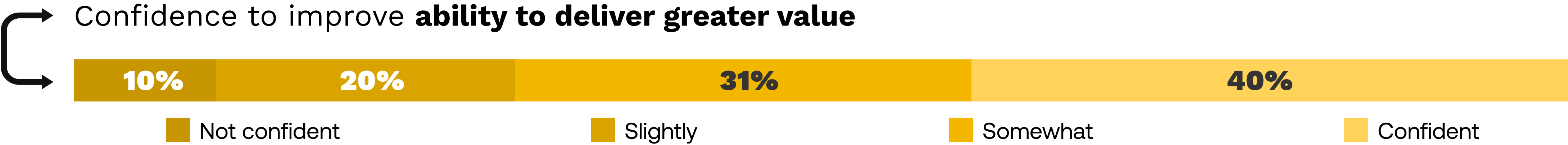
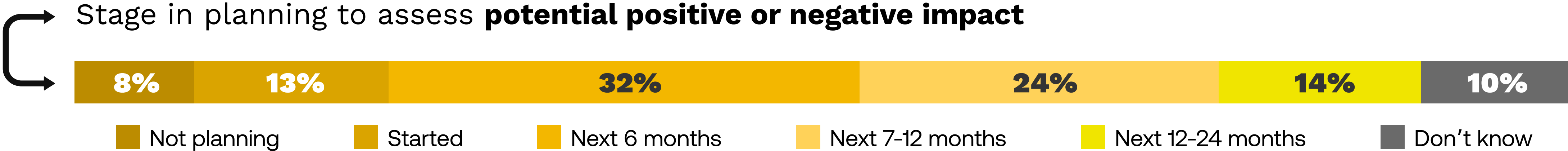
All respondents



Base: 200

CASE MANAGEMENT/WORKFLOW

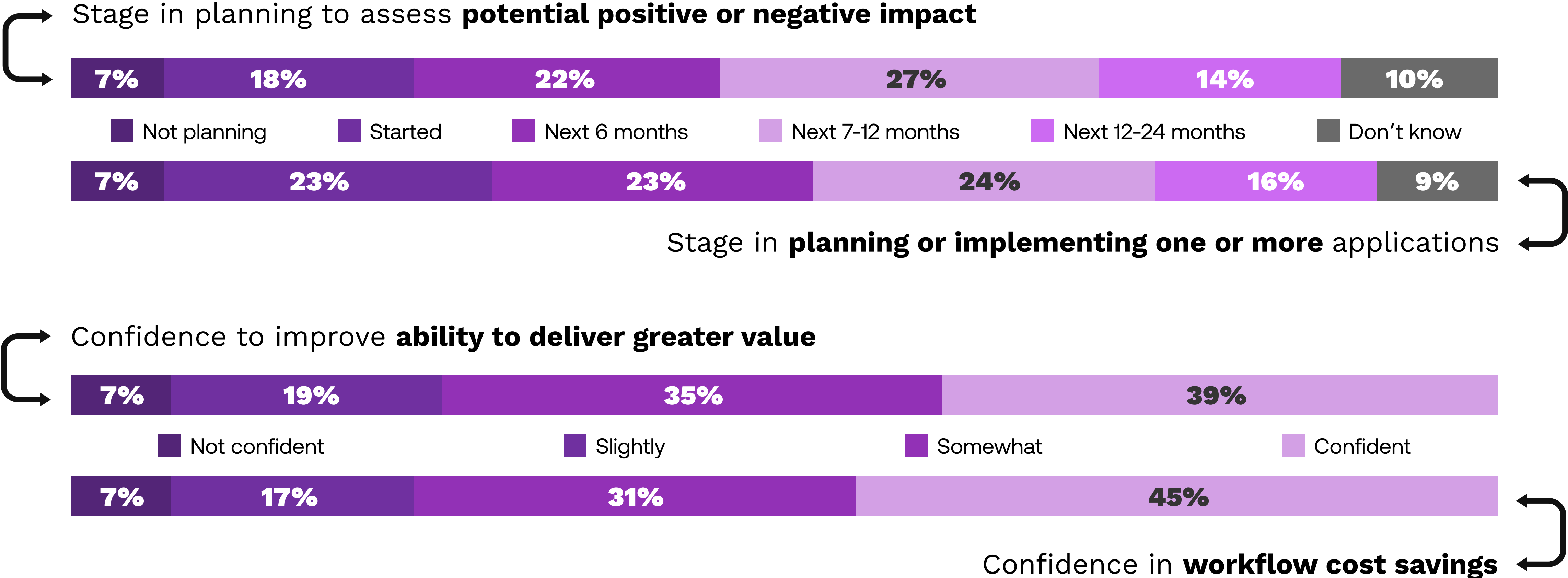
All respondents



Base: 200

OVERSIGHT PLANNING/REPORTING

All respondents



Base: 200

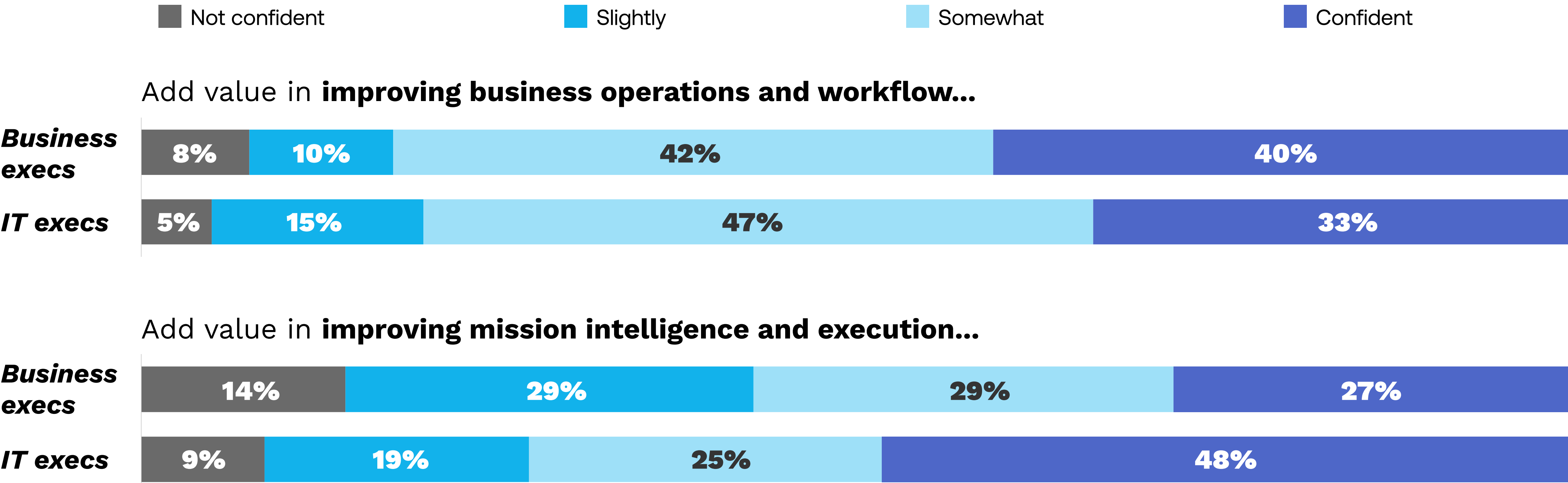


**DIVERGENT
PERSPECTIVES:
BUSINESS VS IT
EXECUTIVES**

CONFIDENCE IN GEN AI TO DELIVER GREATER VALUE

Job titles

Confidence that generative AI will deliver greater value for the following use cases or functions:

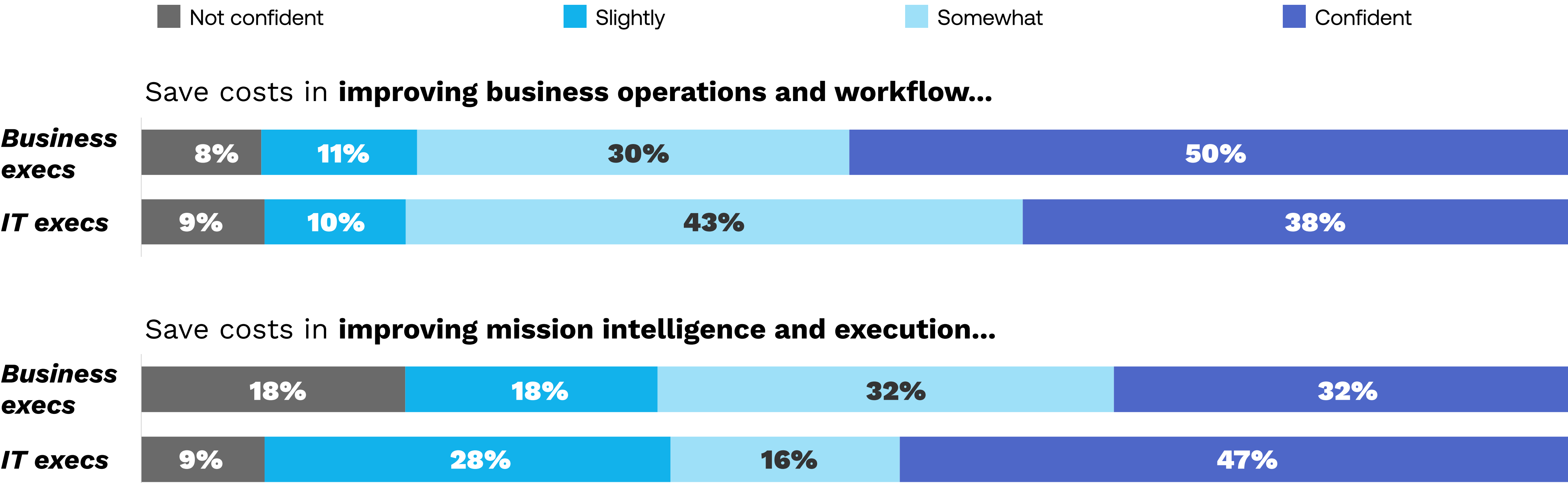


Business base: 119 | IT base: 81

CONFIDENCE IN GEN AI FOR COST SAVINGS

Job titles

Confidence that generative AI will achieve workflow cost savings in the following use cases or functions:

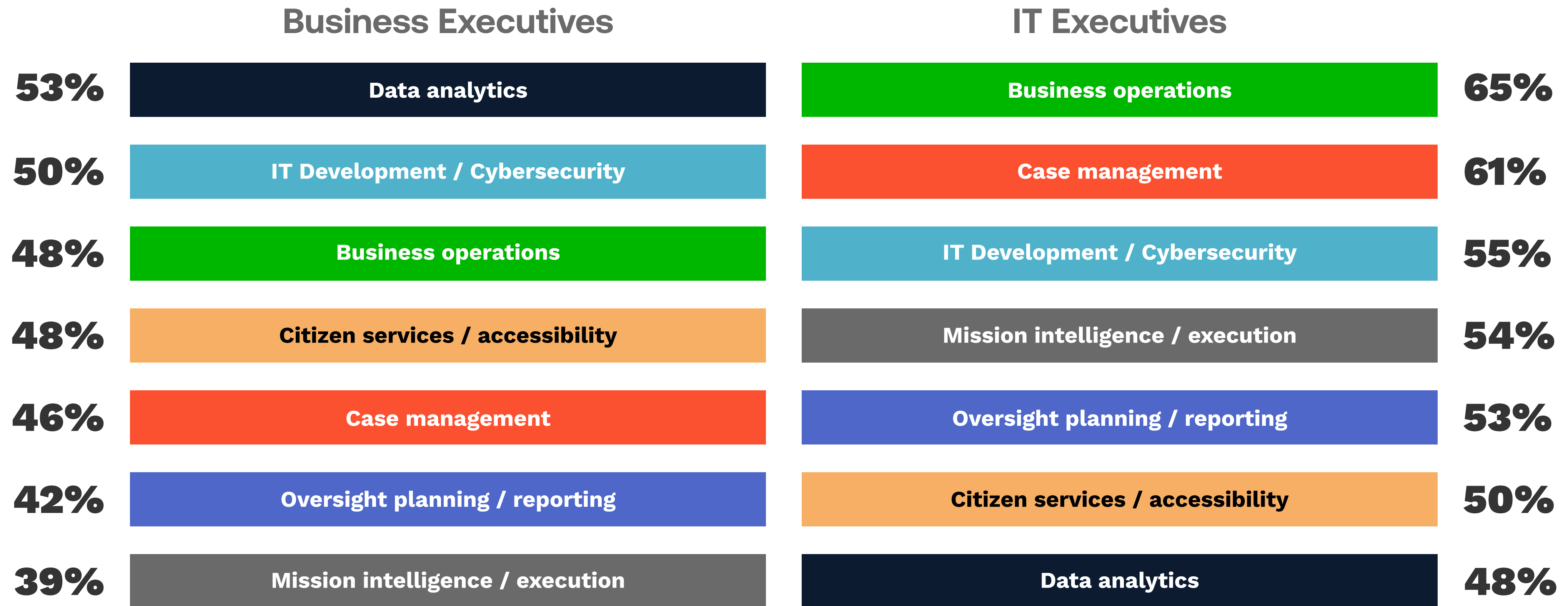


Business base: 119 | IT base: 81

PRIORITIES IN IMPLEMENTATION

Job titles

Business and IT executives who are implementing one or more generative AI applications in the **next 6-12 months**.



Business base: 119 | IT base: 81

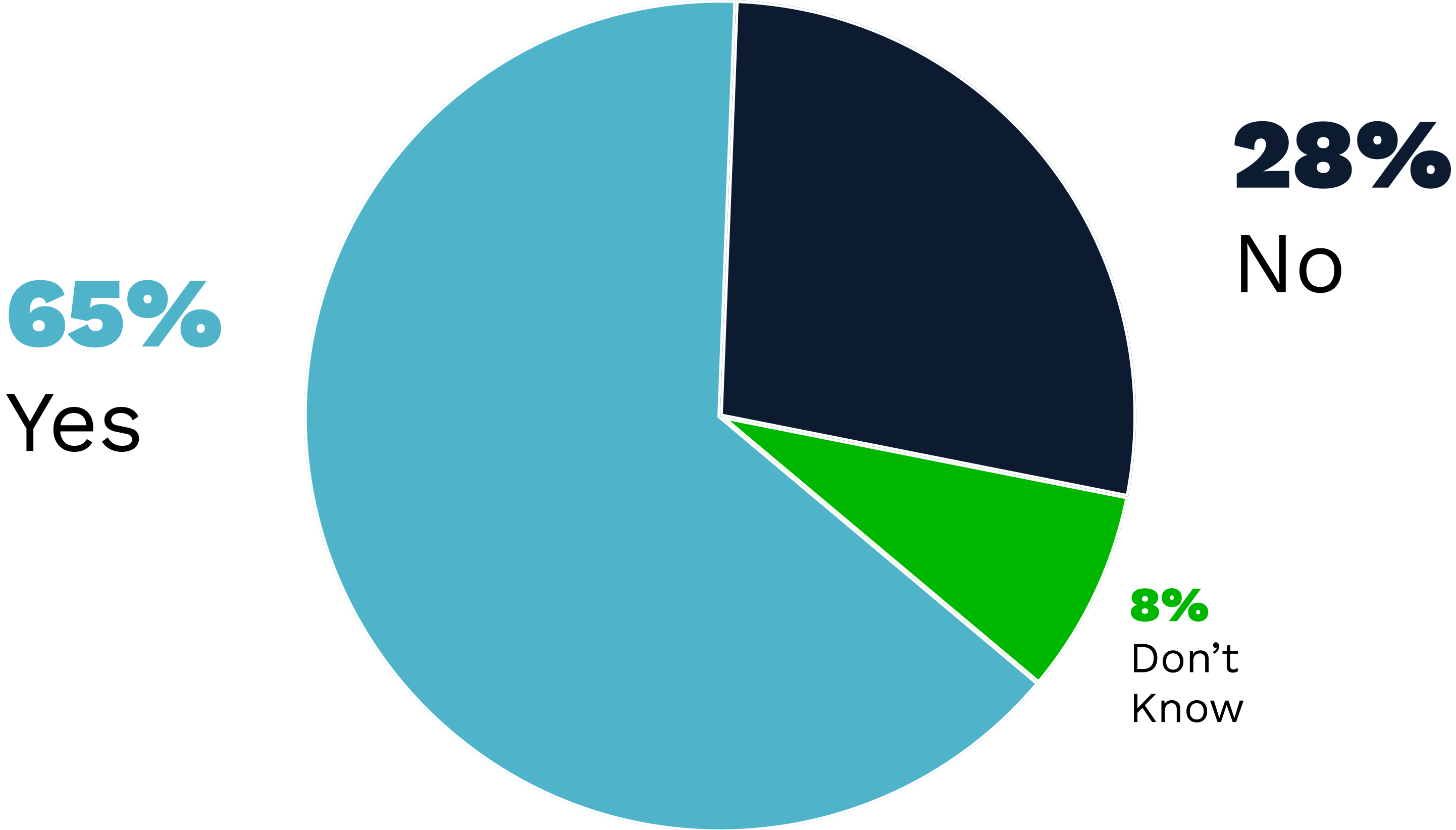


GENERATIVE AI & WORKFORCE

POTENTIAL IMPACT OF GEN AI ON EMPLOYEES

All respondents

Respondents whose organization assessed the potential impact of generative AI on employees.



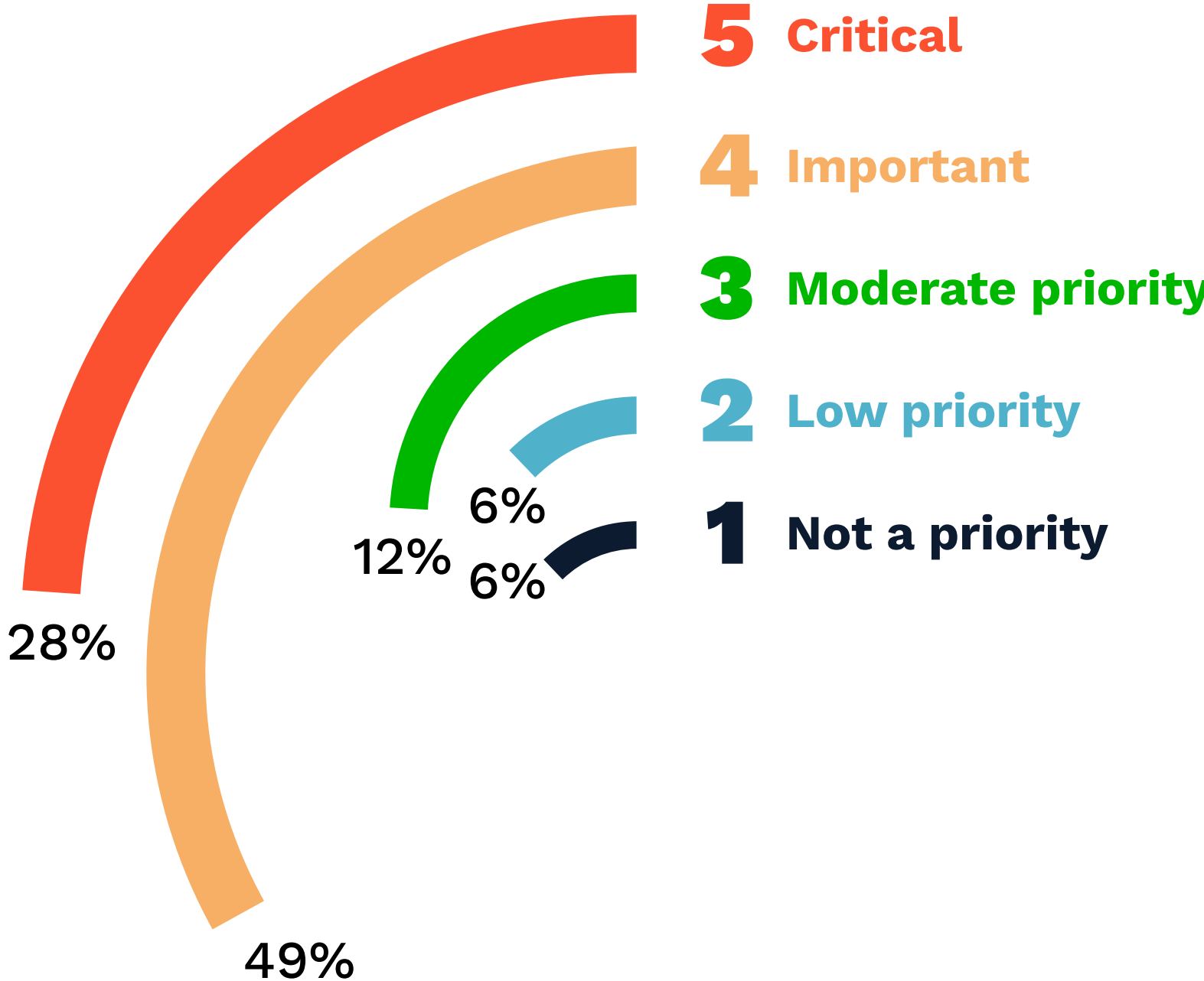
Base: 200

PRIORITY ON RECRUITMENT OR UPSKILLING

All respondents

Priority that agency leadership is placing on recruiting or upskilling talent to support the adoption of or response to generative AI.

Scale of **1 to 5**, where 1 is “Not a Priority”, and 5 is “Critical.”



3 in 4 government executives polled said their agency leaders view “recruiting or upskilling talent to support generative AI” as a “critical or important” priority.

Base: 200

GREATEST CONCERNS FOR EMPLOYEES

All respondents & job titles

Where respondents see generative AI presenting the greatest employee concerns.

	ALL	Business Executives	IT Executives
Lack of controls to ensure information is generated ethically/responsibly	58%	64%	49%
Lack of ability to verify/explain the generated output of information	57%	50%	65%
Elevated risk of security and privacy violations	56%	63%	46%
Lack of employee training to use gen AI responsibly	50%	48%	52%
Lack of transparency on the quality of input information	32%	32%	32%
	Base: 200	Base: 119	Base: 81

1% of all respondents in their open response indicated that it removes aspects of creativity.

GREATEST OPPORTUNITIES FOR EMPLOYEES

All respondents & job titles

Where respondents see generative AI presenting the greatest opportunities for employees.

	ALL	Business Executives	IT Executives
Ability to give employees added technical support (e.g. a co-pilot)	65%	66%	63%
Ability to reduce the time required to complete work processes	64%	65%	62%
Ability to free up employee tasks to produce more valuable work	63%	54%	77%
Ability to reduce backlogs	44%	52%	31%
Ability to serve the public better	22%	22%	22%
	Base: 200	Base: 119	Base: 81

2% of all respondents in their open response indicated that they do not see AI helping at all.

CONCLUSIONS

While the emergence of generative AI presents a variety of far-reaching strategic issues for federal agencies, the sentiments of mission, program and IT leaders in this survey suggest several near-term planning priorities:

1 Prepare for a faster pace of change

Generative AI represents more than smarter IT. It is a new accelerative force, enhancing but also disrupting how organizations work. It will require more responsive cross-functional leadership attention and a commitment to the art of change management.

4 Prioritize use cases

Agency leaders appear poised to apply generative AI initially to business operations, citizen services and IT security, working from the inside out. However, they should also identify specific use cases where AI-supported assistance can accelerate legal, financial and ethical oversight, support public interaction, and respond to cybersecurity risks in the face of talent shortages.

2 Establish flexible governance

Machines, as much as humans, now drive the pace of generative AI development, making it difficult to predict how the benefits and risks will unfold in the workplace and for the public. It will be essential to develop clear safeguards for AI's use, but also greater flexibility to adjust policies iteratively as AI applications evolve.

5 Commit to training

While agency leaders must focus on understanding and controlling how generative AI will behave, they must also recognize that AI's impact will depend on how employees use AI. That will demand a new commitment to ongoing training. It will also require a more significant commitment to sharing AI-driven outcomes with government and industry partners.

3 Create environments for experimentation

The combination of optimism about generative AI's potential and concerns about its risks suggests that agencies will be best served by creating virtual environments to foster experimentation. Allowing a more comprehensive range of employees to experience generative AI's potential will help agencies learn faster and address lingering worries about job security and satisfaction.

6 Capitalize on shared resources

Federal leaders are at the center of a grand experiment in how generative AI will assist and shape the workplace. With developments unfolding so quickly, it will be essential to tap the knowledge and expertise of the leading AI developers, as well as guidance emerging within the federal government, such as NIST's [AI Risk Management Framework](#) and resources assembled by the [National AI Initiative](#).

FEDSCOOP

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