INNOVATION & TECHNOLOGY

How AI can improve government efficiency & save taxpayer money

By Sebastian Griffin
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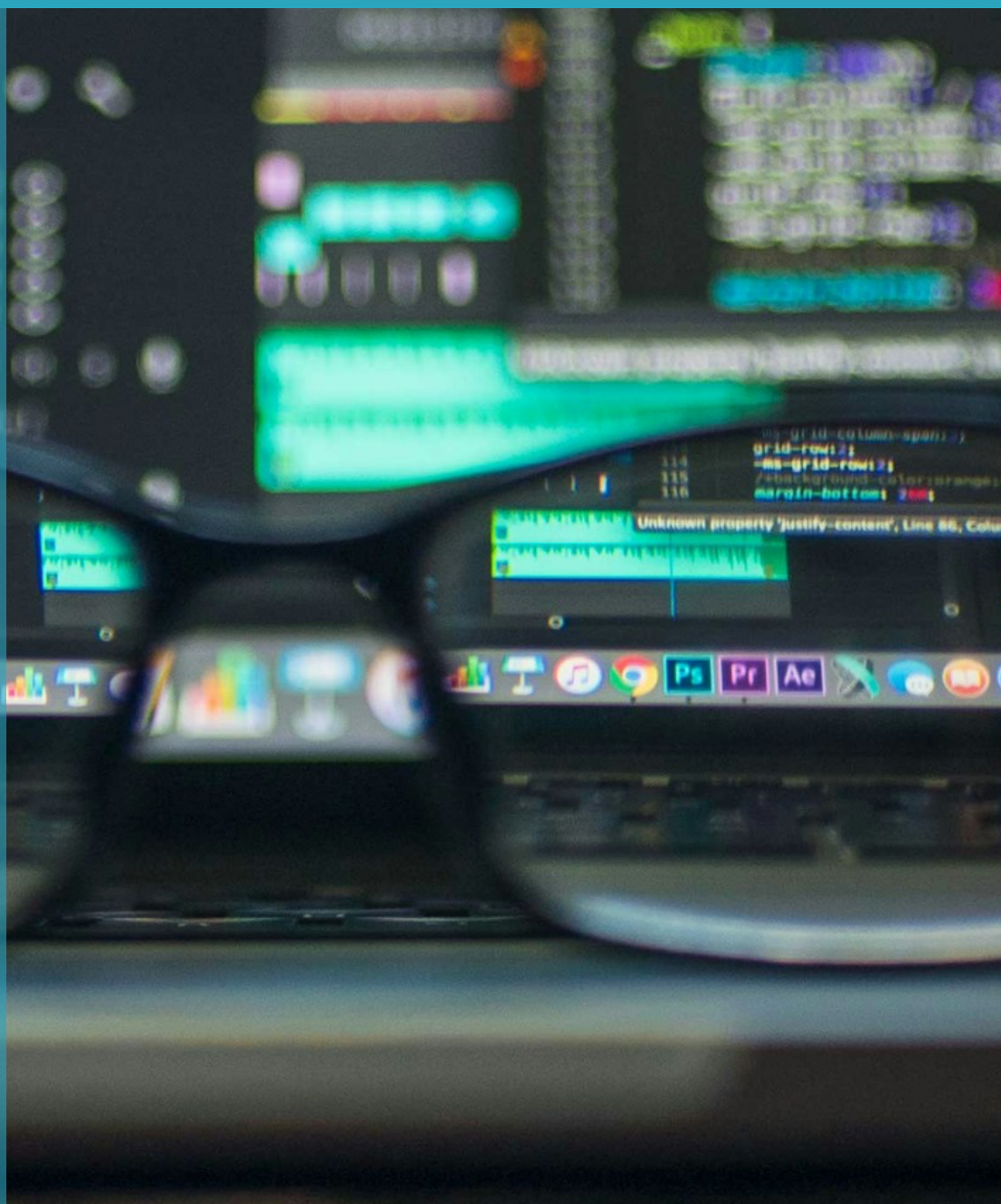

MOUNTAIN STATES
POLICY CENTER

How AI can improve government efficiency & save taxpayer money

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Introduction

As artificial intelligence (AI) rapidly advances, state legislatures across the country are grappling with how to regulate this complex technology. States are taking diverse approaches, with a mix of cautious observation and proactive measures.

It is no secret that AI is advancing in every aspect of our lives. Within the last decade, but more recently in the past couple of years, AI has made leaps and bounds in the advancements of technology and innovation. Many states, including Idaho, Washington, Montana, and Wyoming have taken a stab at trying to navigate this new and uncharted territory.

With inflation remaining a concern along with rising public expectations of tightening budgets state legislatures now grapple with a major challenge: delivering efficient, effective government services while minimizing taxpayer burden. AI can emerge as a powerful tool in this endeavor, promising efficiency, streamlined processes, and potentially significant cost savings. However, concerns about cost, disruption, and ethical implications often lead to hesitance and missed opportunities.

This publication will look at a five-step approach designed to empower state legislatures to take a fiscally conservative approach to AI, maximizing its potential while mitigating risks and ensuring financial value.

KEY INFORMATION COLUMN

With the advancements of technology moving forward, it is up to the legislatures and executive departments of each state to ensure these practices are being implemented effectively.

Step 1: Uncovering the Wasteland by Identifying Inefficiencies

Before harnessing AI's power, state legislatures must first illuminate the areas most ripe for improvement. This step demands an examination of government spending patterns. This includes a meticulous effort to analyze data on program costs, service delivery, and administrative functions across all departments. It can be a daunting task, especially for part-time legislators. Here are areas that AI can help:

- Repetitive tasks: Are employees bogged down in manual data entry or paperwork? AI automation can free them for higher-value tasks, saving time and money. This could be system add-ons within excel, word, or across any platform. Let the system do what it was designed for, efficiency and accuracy.

- Administrative bloat: Are layers of bureaucracy slowing down processes and inflating costs? AI can streamline workflows, reducing administrative overhead.

- Hidden inefficiencies: Analyze wait times for business filings, error rates, and citizen feedback to uncover hidden inefficiencies that drain resources and frustrate taxpayers.

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As processes are being implemented within the mountain states region, we can look at the major success stories of other states throughout the country. In Utah, former Chief Technology Officer Dave Fletcher said:

> "AI is one of those inevitable technologies. It's like the internet in the 1990s. There were people who didn't want to use the internet. There were agencies that said they didn't want their employees using internet because it would just be a waste of time."
>
> Fletcher said the Utah AI Center for Excellence — a five-year-old group works with agencies to set goals for the technology's use in the state — is meeting with Amazon, Google, and Microsoft about the potential of their technologies to help "do their jobs better, make better decisions, all kinds of things."[1]

[1] "As new AI tools arrive, state tech officials prepare restrained use," State Scoop, June 20, 2023, available at https://statescoop.com/ai-state-government-chatgpt-generative/

KEY INFORMATION COLUMN

After legislatures, department heads, or other industry leaders have identified potential waste, they must implement the tools designed for creating efficiency.

In Florida, Florida Atlantic University (FAU) has implemented systems that help catch cases of Medicaid Fraud.

> "The team at FAU is analyzing a massive amount of government Medicare data like patient records and provider payments and running it through a trained AI program.
>
> 'There's a database of everybody's activity. So, claims are processed, and when a pattern or fraudulent activity gets spotted by the algorithm, a person gets alerted to investigate. And if there is fraud [it] will be prosecuted.'"[2]

Finding areas of inefficiency is the easy part. Being able to hone those inefficiencies and being willing to advance to the use and implementation of tools like AI to mitigate waste is where we find ourselves at a crossroads. An "old dog, new trick" scenario.

Step 2: Unveiling Efficiency Goldmines with AI's Transformative Potential

As we had previously touched on in step one, after legislatures, department heads, or other industry leaders have identified potential waste, they must implement the tools designed for creating efficiency.

By evaluating the potential for efficiency, state legislatures can move beyond theoretical possibilities and paint a clear picture for the potential return on investment that is offered by AI. Calculating both direct cost savings from automation and improved service delivery alongside the indirect benefits of citizen satisfaction and increased effectiveness creates a compelling case for fiscally responsible AI implementation. By diving deeper into successful implementations and tailoring them to your state's specific needs, you can unlock significant efficiency gains, deliver better services to citizens, and maximize the value of every taxpayer dollar.

State legislatures are comprised of a mixing pot of individuals and their unique skill sets, backgrounds, and professions. Policy making is no simple task. Imagine implementing AI-powered research assistants that turbocharge policy creation and analysis. Traditionally, the process resembles sifting through many legal mazes – mountains of statutes, regulations, and case law swallowing countless hours of valuable attorney time.

But how can state legislatures harness this potential?

[2] "Artificial Intelligence may detect fraud more quickly, Florida researchers claim," WPEC West Palm Beach, February 7, 2024, available at https://www.msn.com/en-us/money/other/artificial-intelligence-may-detect-fraud-more-quickly-florida-researchers-claim/ar-BB1hWhhs

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By embracing AI-powered legal research tools, state legislatures can transform policy creation, ensuring it's based on strong legal foundations, deep data insights, and efficient use of resources.

For elections divisions specifically, states are beginning to find avenues for efficient practices within the election process.

1. Implement pilot programs to test-drive AI research tools in specific policy areas. This allows for experimentation, identification of best practices, and evaluation of potential benefits before wider adoption.

2. Partner with legal technology companies and universities to develop and implement AI solutions tailored to the specific needs of state legislatures. This can ensure accessibility and relevance of the tools. We have seen this in practice through the partnership Arizona State University has with Open AI.[3]

3. Provide training and support to legislative staff on using AI research tools effectively. This ensures responsible and ethical implementation, maximizing the benefits while mitigating potential risks.

4. Develop clear ethical guidelines and oversight mechanisms to ensure responsible use of AI in policy research. This could include addressing potential biases in algorithms and maintaining transparency in the decision-making process. It is always necessary to have human oversight.

By embracing AI-powered legal research tools, state legislatures can transform policy creation, ensuring it's based on strong legal foundations, deep data insights, and efficient use of resources. This ultimately leads to more effective, evidence-based policies that truly serve the needs of their constituents. As AI technology evolves, its potential to empower state legislatures and improve policymaking will only grow stronger, more efficient, and hopefully more fiscally responsible.

For state executive offices, like the Secretary of State (SOS), efficiencies are trackable through consumer feedback and data tracking. There are normally two key departments for SOS offices: 1) an elections division, and usually 2) a business division.

For elections divisions specifically, states are beginning to find avenues for efficient practices within the election process. The most recent approach is signature verification, where voters sign an affidavit on the ballot envelope, and election officials compare it with the signature on file in the voter registration record. Instead of relying solely on traditional manual methods like signature verification, several states are leveraging AI to enhance the accuracy and

[3] "Arizona State University Partners with OpenAI to Harness the Power of AI Chatbots in Higher Education," MSN.com, January 24, 2024, available at https://www.msn.com/en-us/news/technology/arizona-state-university-partners-with-openai-to-harness-the-power-of-ai-chatbots-in-higher-education/ar-BB1hhH3S

KEY INFORMATION COLUMN

efficiency of the verification process.[4]

The move towards more digital, AI-driven verification is likely driven by a desire to leverage technological advancements to enhance the security and integrity of the voting process. However, the specific details of how each state implements and integrates AI into its verification processes vary, reflecting the diverse approaches taken by different jurisdictions to modernize and secure their electoral systems.

As of 2020, at least 29 counties in eight states – California, Colorado, Florida, Hawaii, Oregon, Nevada, Utah, and Washington – use AI systems to enforce signature matching rules on absentee/mail-in ballots.

As of 2020, at least 29 counties in eight states – California, Colorado, Florida, Hawaii, Oregon, Nevada, Utah, and Washington – use AI systems to enforce signature matching rules on absentee/mail-in ballots.[5] While this is an intriguing development, if a state is going to use AI for signature verification there should be a requirement for human eyes to review any flagged ballots.

Election integrity is a crucial and fundamental keystone of democracy. Safeguards are critical in ensuring the functionality of the election process is secure and fair. The opposite might be true, however, on the business side of things. Obviously, we should have safeguards in place when it comes to business tax IDs, people's social security numbers, and the like. With these protections, we should identify opportunities for AI to provide a more user-friendly, accessible, and cost-effective experience.

AI-powered name search and availability checks can dramatically accelerate the process for entrepreneurs, reducing processing times and paperwork burdens. Additionally, risk assessment and fraud detection algorithms can identify suspicious activity associated with registrations, proactively mitigating fraud and protecting consumers. Furthermore, chatbots equipped with FAQs can handle routine inquiries about licenses, fees, and regulations, freeing up human staff for more complex issues.

Moving beyond registration, AI can also revolutionize document review. Optical Character Recognition (OCR) and document extraction automate data entry from submitted documents, significantly reducing manual work and processing times. Automated compliance checks can ensure submitted documents meet all regulatory requirements, minimizing errors and delays.

AI chatbots can effectively guide business owners through resolving common issues, further reducing the workload on human personnel.

AI chatbots can effectively guide business owners through resolving common issues, further reducing the workload on human personnel. Roman Viliavin, Forbes Council Member, explained the added benefits that the private sector

[4] "The good and the bad of Artificial Intelligence and elections," Mountain States Policy Center, February 6, 2024, available at https://www.mountainstatespolicy.org/the-good-and-the-bad-of-artificial-intelligence-and-elections

[5] "Factbox: U.S. counties using automated signature verification software," Reuters, September 24, 2020, available at https://www.reuters.com/article/us-usa-election-ballot-signatures-softwa/factbox-u-s-counties-using-automated-signature-verification-software-idUSKCN26F1U4/

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By leveraging data-driven decision-making, AI analytics can reveal trends, identify bottlenecks, and optimize processes across the entire business division of any governmental agency.

Every elected official, department leader, or stakeholder should be able to prove that the numbers truly work in favor of the taxpayer's fiscal impact.

has experienced with its implementation of chatbots across the board:

> "AI-powered chatbots are an answer to repetitive inquiries that both tire your support agents and skew the business focus. Automating responses to common questions allows agents to attend to more intricate tasks. According to many sources, approximately 60-80% of inquiries are repetitive. AI can handle these, enabling your support agents to focus on unique, personalized interactions, enhancing the customer support experience."[6]

The benefits extend beyond individual interactions. By leveraging data-driven decision-making, AI analytics can reveal trends, identify bottlenecks, and optimize processes across the entire business division of any governmental agency. This data-driven approach can lead to significant efficiency gains and improved service delivery. Personalized interactions with citizens and businesses can be facilitated through chatbots and AI-powered virtual assistants, enhancing user experience and satisfaction.

Step 3: Cost-Benefit Analysis to Strike the Balance Between Investment and Savings

Every elected official, department leader, or stakeholder should be able to prove that the numbers truly work in favor of the taxpayer's fiscal impact. It is apparent that both politicians and government agencies are trying to do the best with the resources they are given. Some, better than others, focus on the fiscally demanding projects, policies, and work follows, and find ways of eliminating waste. For the implementation of AI tools, a crucial step is conducting a rigorous cost-benefit analysis.

A rigorous cost-benefit analysis should be the cornerstone of any AI implementation plan. This analysis goes beyond simply accounting for the costs of developing, implementing, and maintaining AI solutions. It must meticulously estimate the potential cost savings generated by increased efficiency across various areas. According to McKinsey's Global AI Survey:

> "A majority of executives whose companies have adopted AI report that it has provided an uptick in revenue in the business areas where it is used, and 44 percent say AI has reduced costs."[7]

[6] "Customer Support: Using AI Chatbots For Efficiency And Empathy," Forbes, July 18, 2023, available at https://www.forbes.com/sites/forbesbusinessdevelopmentcouncil/2023/07/18/customer-support-using-ai-chatbots-for-efficiency-and-empathy/?sh=19723d3166fd

[7] "Global AI Survey: AI proves its worth, but few scale impact," McKinsey & Company, November 22, 2019, available at https://www.mckinsey.com/featured-insights/artificial-intelligence/global-ai-survey-ai-proves-its-worth-but-few-scale-impact

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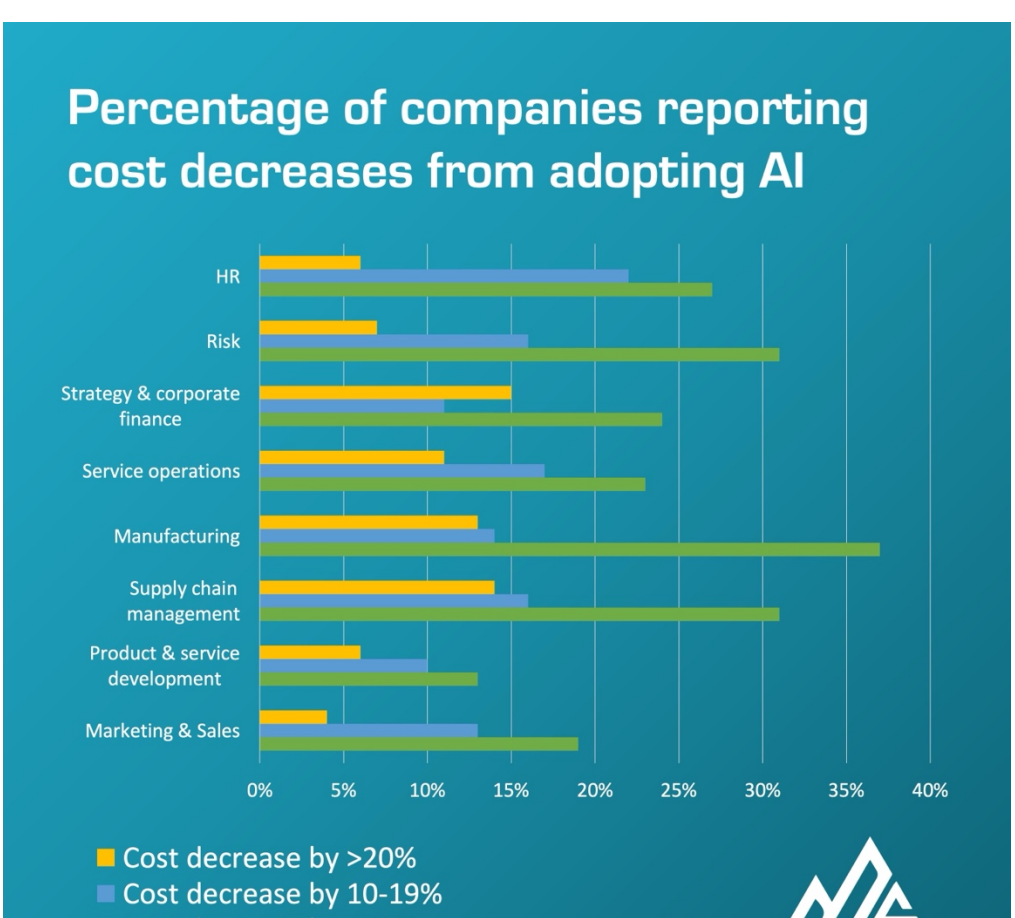
Lawmakers should consider allocating cost savings achieved through successful pilot projects to fund further AI initiatives.



We must remember, AI implementation also incurs costs, such as software acquisition, expertise, and employee training. However, by factoring in both sides of the equation – reduced staff time, fewer errors, faster processing – a clear picture of the net financial impact will prove to deter opposition.

Policymakers can research and apply for relevant grants offered by federal agencies, foundations, or technology companies. They can also collaborate with private entities to leverage their expertise and resources while sharing costs and benefits. Lawmakers should consider allocating cost savings achieved through successful pilot projects to fund further AI initiatives.

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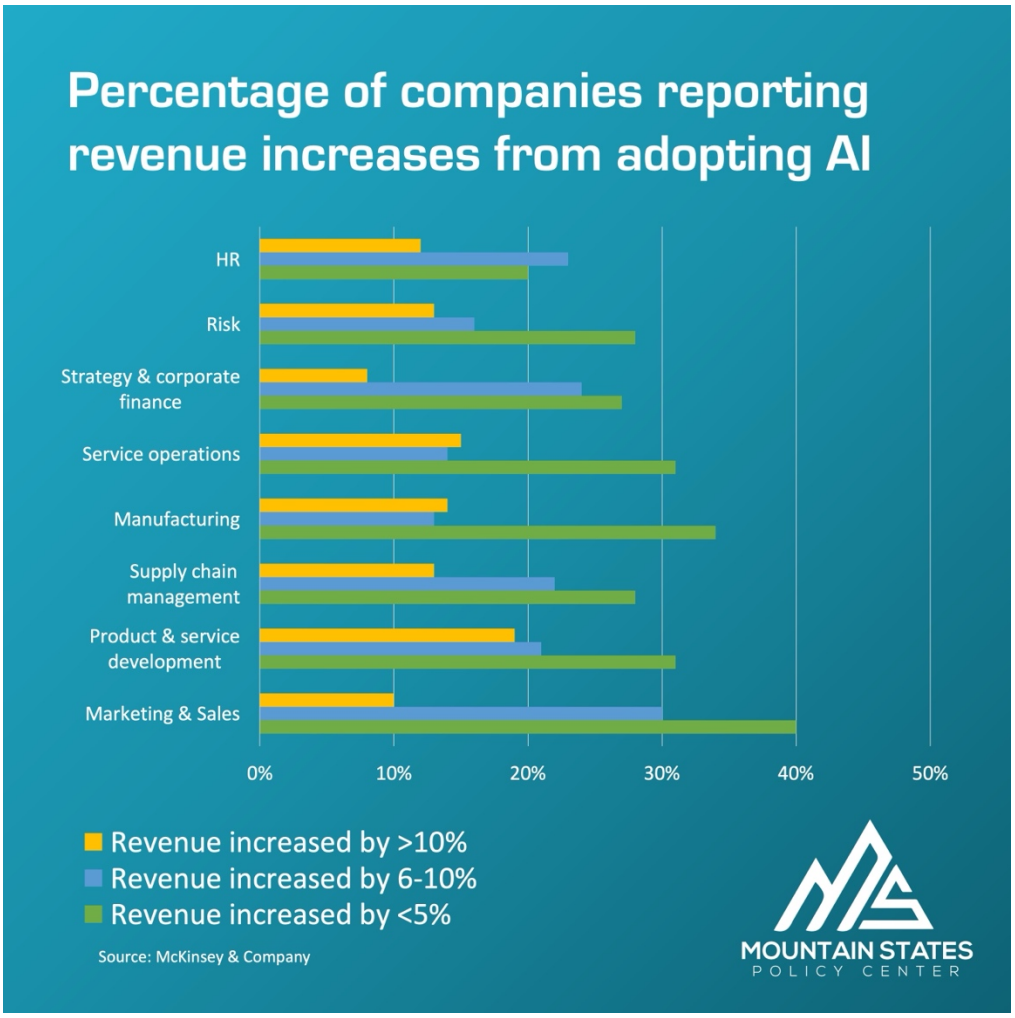
Ignoring potential harm, such as job displacement, product inefficiency, and privacy concerns, could undermine public trust and negate the gains achieved.



Instead of complete job elimination, AI can automate repetitive tasks, allowing humans to focus on higher-level thinking, strategy, and innovation.

Step 4: Mitigating Risk with Proactive Planning for Success

While AI promises substantial benefits, responsible implementation demands proactive risk mitigation. Ignoring potential harm, such as job displacement, product inefficiency, and privacy concerns, could undermine public trust and negate the gains achieved.

In discussing job displacement, it is important to clearly understand that automation through AI can threaten certain jobs. However, it's crucial to remember that AI's main role is to complement, not replace. Instead of complete job elimination, AI can automate repetitive tasks, allowing humans to focus on higher-level thinking, strategy, and innovation. Proactive programs can be designed to equip workers with skills needed for new AI-driven roles. Collaboration with educational institutions and businesses is key for effective training programs.

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Stakeholders must ensure the implementation of robust cybersecurity measures to safeguard personal data from unauthorized access, use, or disclosure.

One of the major concerns about AI is privacy. AI relies on data, raising concerns about personal information collection, storage, and use. Implementing strong data protection laws and regulations ensures responsible data collection, storage, and use. Transparency and user consent are crucial. Additionally, utilizing anonymized data whenever possible and collecting only the minimum data necessary for specific tasks strengthens privacy protection. Stakeholders must ensure the implementation of robust cybersecurity measures to safeguard personal data from unauthorized access, use, or disclosure.

Michael Chertoff served as the Secretary of Homeland Security under President George W. Bush, and emphasized the importance of being proactive in establishing AI guardrails:

> "Organizations should never leave a final decision that affects a human being to AI. A human should always be in the loop as the final adjudicator. Someone must be accountable for making sure that the models being used are appropriate for the task."[8]

Responsible AI implementation is an ongoing process. Continuously monitoring AI systems for potential privacy breaches, and unintended consequences is crucial in adapting and improving mitigation strategies based on new insights and lessons learned is vital for sustainable success. By proactively mitigating risks through responsible planning and implementation, we can unlock these benefits while ensuring ethical and trustworthy use of this transformative technology.

Step 5: Building a Roadmap for Phased Implementation for Sustainable Success

Government officials must establish clear and measurable indicators to track progress and assess the success of AI initiatives.

Building a sustainable and successful AI implementation within a state government requires a strategic, fiscally responsible approach. To have a successful implementation you must have a plan in place. Policymakers should avoid rushing into widespread adoption. Instead, they should prioritize projects based on their potential for cost savings, efficiency gains, and other focus described in Step Two. They can consider areas like repetitive tasks, data-driven decision-making, and fraud detection. They should begin with low-risk pilot projects to test the water, gather valuable learnings, and refine approaches before wider implementation. This minimizes risk and allows for course correction based on real-world experience.

Government officials must establish clear and measurable indicators to track progress and assess the success of AI initiatives. This could include metrics like

[8] "AI Use Desperately Needs Proactive Guardrails Across Industries," Bloomberg Law, September 21, 2023, available at https://news.bloomberglaw.com/us-law-week/ai-use-desperately-needs-proactive-guardrails-across-industries

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Harnessing the power of AI is not just about cost savings, it's about delivering better public services and improving the lives of citizens.

Nothing in this publication shall be construed as an attempt to aid or hinder the passage of any legislation.

processing time reduction, error rate decrease, or consumer feedback. Regularly monitoring and analyzing the data collected through these metric indicators can help improve performance, and can inform decisions about scaling up successful projects, adjusting strategies for underperforming ones, or even terminating initiatives that don't deliver on expectations.

AI implementation is an ongoing process. Policymakers should regularly monitor systems for potential biases, privacy breaches, or unintended consequences and be prepared to adapt strategies based on new insights, lessons learned, and evolving technological advancements. They should embrace a culture of continuous improvement for long-term success.

Conclusion

The AI landscape is vast and mostly unexplored in the public sector. It is likely that when implementing these practices, state lawmakers will be trailblazers for the surrounding states and even the county. They can customize and establish a roadmap for implementing AI responsibly, sustainably, and with fiscal prudence with your state’s unique needs and areas of opportunity. Harnessing the power of AI is not just about cost savings, it's about delivering better public services and improving the lives of citizens.

ABOUT THE AUTHOR

Sebastian Griffin is a 5th generation Idahoan and Nampa native. He current serves as MSPC's Marketing and Communications coordinator, and is the lead researcher for MSPC's Junkermier Center on Technology and Innovation.

He is married to his high school sweetheart and has a daughter named Wyld. Sebastian graduated from Nampa High, CWI with an associate's degree in liberal arts, and Boise State with is bachelors in Political Science and American Government.

He has been involved in the policy making process in Idaho for the last 5 years starting as a Senate Page and most recently as a Legislative Candidate in District 12. Sebastian currently serves on his local city council.

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