



— SEPTEMBER 2021 —

IT Trends in Local Government

A National Survey of Local Decision Makers

Software as a Service helps local governments improve efficiency and transparency, while cyber attacks make security a top priority.

Introduction

Information technology (IT) is playing a larger role in local government operations and service delivery. IT initiatives are opportunities for local governments to employ new and cutting-edge tools to serve constituents more efficiently and effectively.

In July 2021, CivicPulse surveyed a national sample of 584 local government officials about their needs and priorities to better understand their decisions to adopt different IT solutions. Several follow-up interviews were conducted to provide additional context for survey results.



IT has grown in importance in recent years, particularly in the wake of the COVID-19 pandemic.



Growing prioritization of IT is reflected in most local government budgets.



Cybersecurity is the most common strategic priority across local governments.



Local governments of all sizes are increasingly turning toward third-party software to meet their needs.



Cloud-based solutions force officials to weigh potential trade-offs between efficiency and cybersecurity.



IT has grown in importance in recent years, particularly in the wake of the COVID-19 pandemic.

The overwhelming majority (90%) of local government officials we surveyed expect the importance of IT initiatives to increase over the next few years as more state governments and constituents push for digital access to local government services.

Furthermore, the COVID-19 pandemic has drawn much more attention to the need for IT modernization. 79% of our respondents said that COVID-19 increased the importance of IT in their local government. Public health concerns and safety precautions associated with mitigating the spread of COVID-19 have increased demand for remote and virtual access to services.

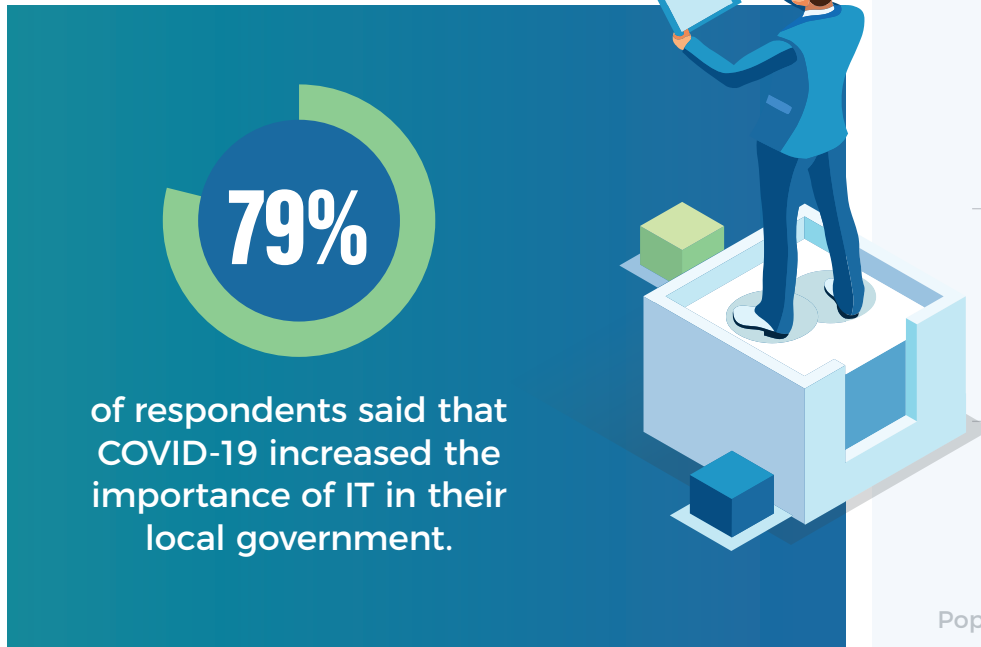
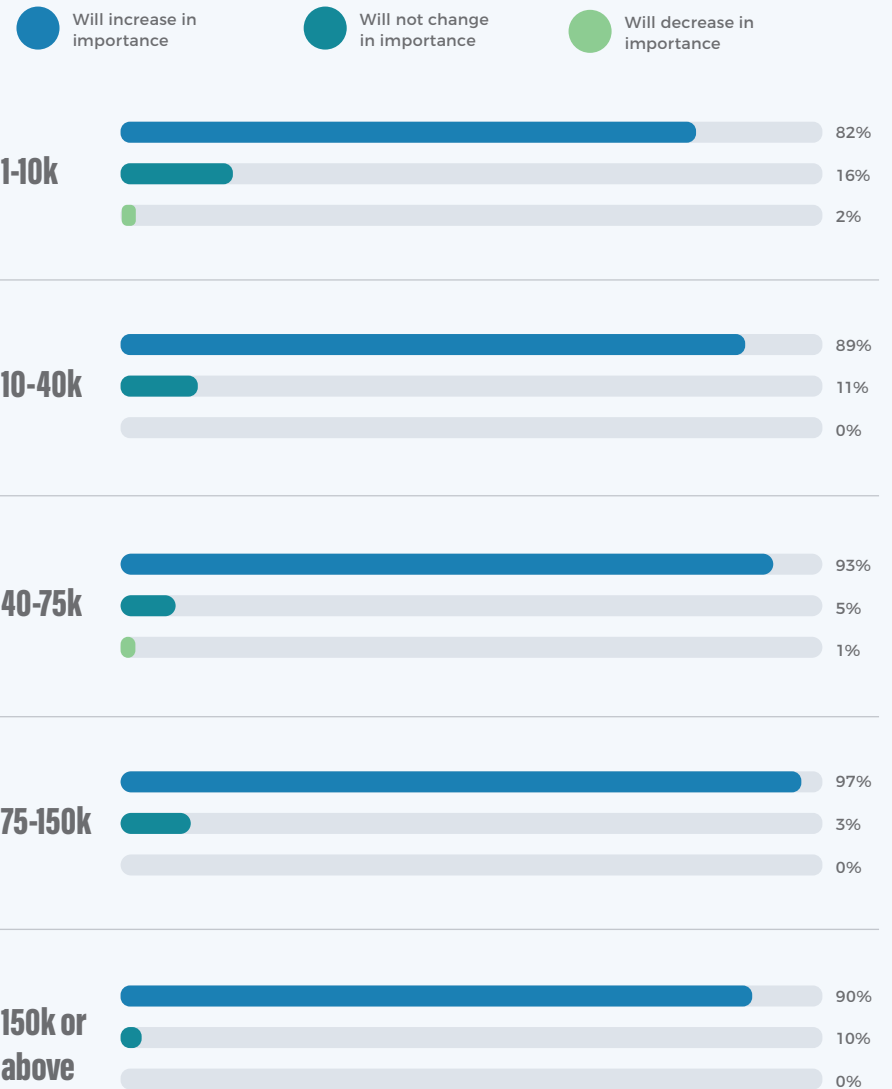


FIGURE 1.

Over the next 3 years, how do you expect the *importance of IT initiatives* to change in your local government?



Population Size

Growing prioritization of IT is reflected in most local government budgets

TABLE 1.

How will the **FY2022 IT budget** of your local government compare to the FY2021 IT budget?

	>5% lower	1-5% lower	About the same	1-5% higher	>5% higher
1-10K	1%	0%	64%	17%	18%
10-40K	2%	1%	38%	30%	29%
40-75K	1%	1%	30%	38%	29%
75-150K	0%	0%	33%	27%	40%
150K+	0%	0%	32%	45%	20%

Growing prioritization of IT is reflected in local governments' projected FY2022 budgets. More than 60% of local governments with constituencies above 10K anticipate an increase in their IT budget.

Most governments with constituencies under 10K believe their IT budget for FY2022 will stay about the same, even though 82% of these government officials agree that IT will increase in importance over the next few years. While officials serving governments with smaller constituencies agree that IT is growing in importance, they may not have the financial resources readily available to act on the IT priorities they envision for their communities.



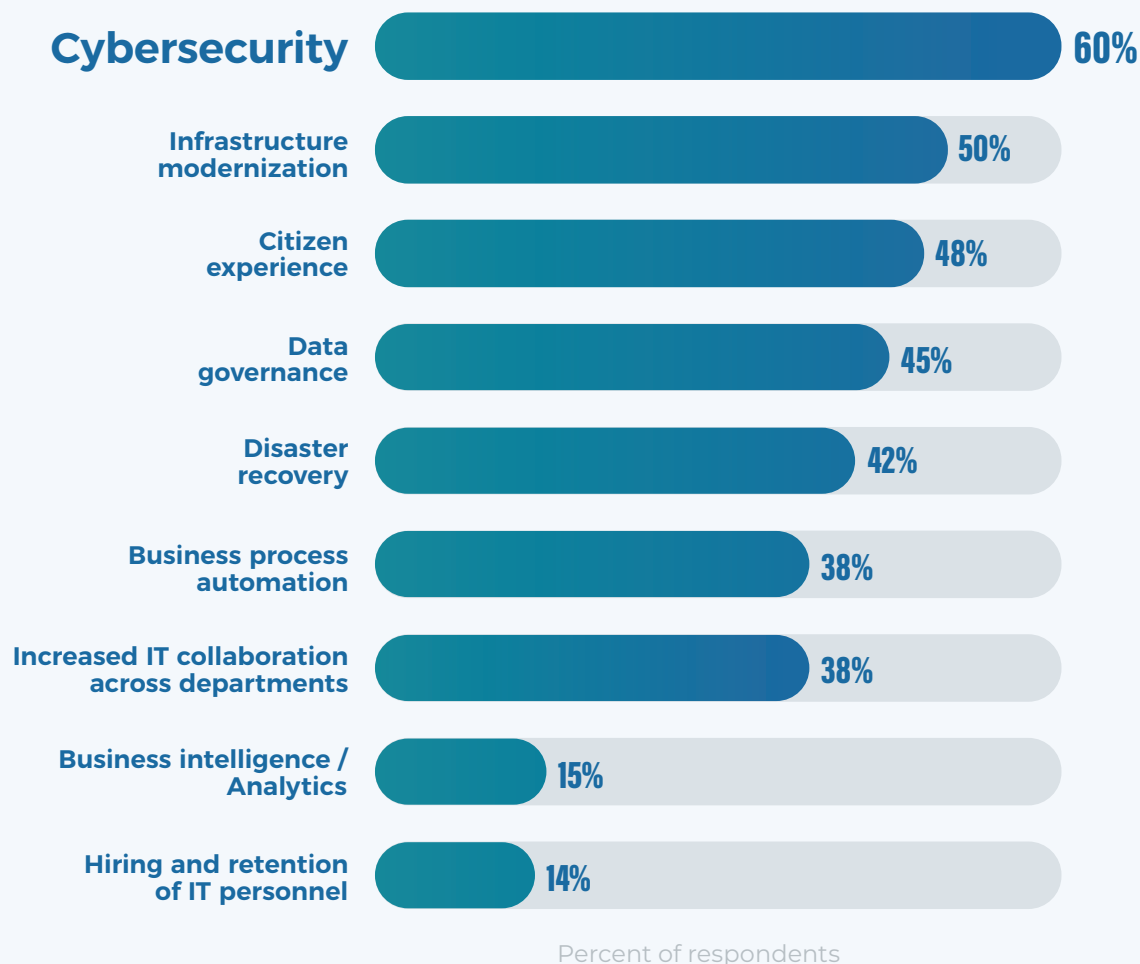
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Cybersecurity is the *most common strategic priority* across local governments.



FIGURE 2.

Which of the following *IT initiatives* are strategic priorities for your local government? (Select all that apply.)



As demand for digital access to government services grows, local government officials must prioritize how they allocate their IT budgets. Certain initiatives present trade-offs. For example, IT solutions that improve accessibility, data transparency, and citizen experience of online government services may also coincide with higher financial costs and potential cybersecurity risk.

Most of our respondents, regardless of their constituency size, selected cybersecurity as a strategic priority for their local government. High-profile ransomware attacks on city governments have elevated concerns about cybersecurity nationwide. Cyber attacks targeting local governments can bring service provision to a halt and compromise constituent data and information. Ensuring continued operation and safeguarding data is of utmost concern to local government officials.

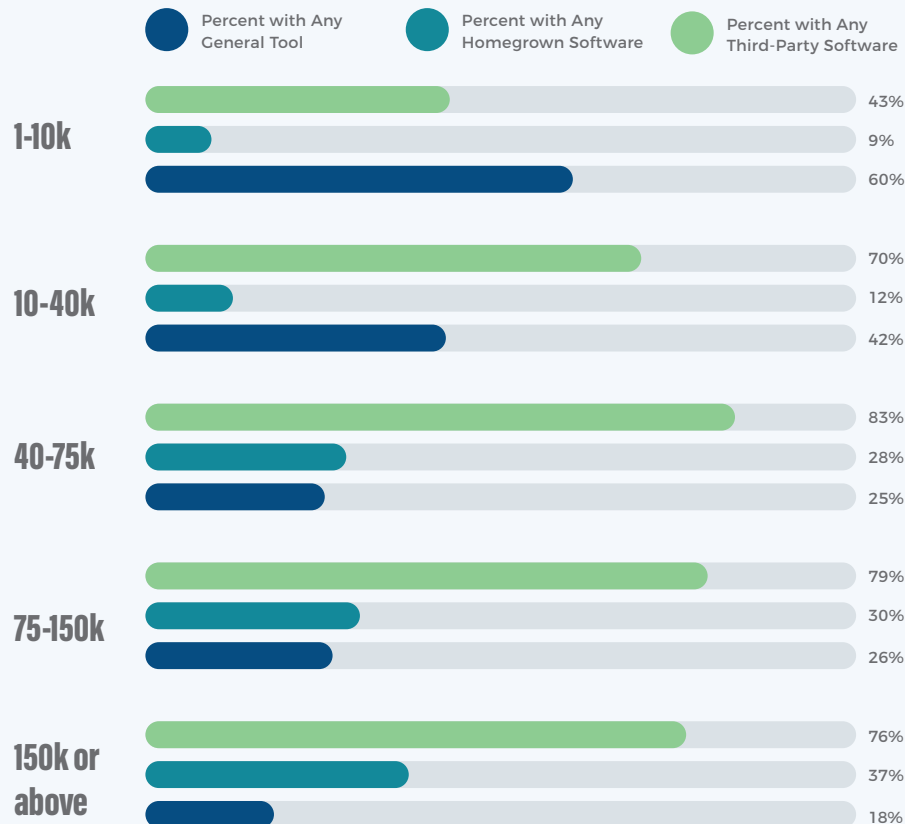
Cyber attacks can bring local government functions to a halt and compromise constituent data, making cybersecurity is a critical IT priority.



Local governments of all sizes are increasingly turning toward *third-party software* to meet their needs.



FIGURE 3.
Software use in *permitting, licensing, and code enforcement* by population size.



The percentage of governments with constituencies under 10K that use third-party software for service request management (311) is expected to **double** from 7% to 15% in the next three years.

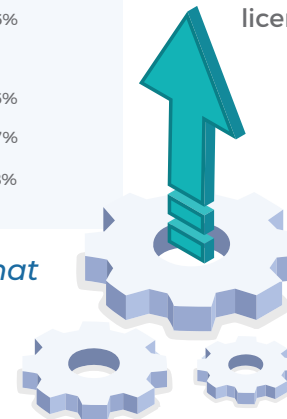
Local governments use a range of technology for their activities and services. In some cases, governments opt for general tools, such as paper filing systems, email, and Excel.

Local governments with in-house development capabilities may choose to create their own software solution. Increasingly, many governments are turning to third-party software providers to assist with more government functions.

In the survey, we asked officials about eleven types of services local governments provide related to permitting, licensing, and code enforcement. We found that governments with constituencies under 10K were less likely to be using a third-party software solution or a homegrown solution. Most of these governments were using general tools to meet their needs.

Most governments with constituencies above 10K used at least one third-party software solution to fulfill permitting, licensing, and code enforcement services.

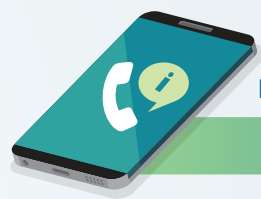
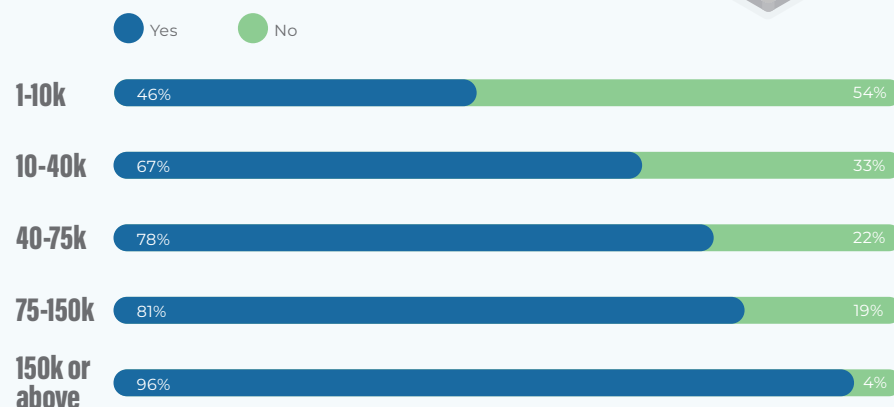
The largest governments (constituencies above 150K) were the most likely to use homegrown software, since they are also most likely to have the in-house developer capacity. However, even the largest governments were twice more likely to have at least one third-party software solution than one homegrown solution.



Adoption of *Software as a Service* is driving local government migration to the cloud.

FIGURE 4.

Thinking about the last 3 years, has your local government adopted one or more *cloud-based SaaS solutions*?



Software for service request management (311) was cloud-based

59% of the time

While the adoption of cloud-based Software as a Service is an increasingly popular option for local governments of all sizes, larger governments are leading the trend.

To some extent, the decision to adopt cloud-based SaaS solutions depends on the use case. For four common government use cases (building permits, planning permits, business licenses, and service request management), there is a large gap in the likelihood that a given software was deployed on the cloud. The software type with the lowest likelihood of being cloud-based was business permits at 35%. The software with the highest likelihood of being hosted in the cloud was service request management (311) at 59%.

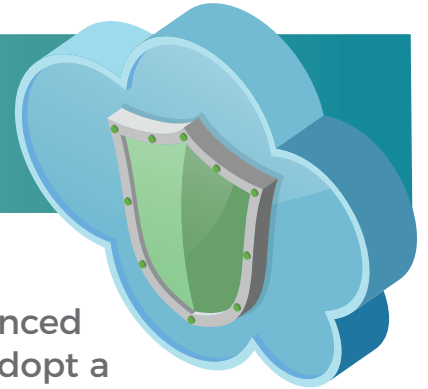
These differences are likely driven by a combination of government preferences and the specific software available for each use case. It's possible that more of the companies that create service request management (311) software are only offering cloud-based software, while companies that create software for permitting and business licensing are offering a choice between on premise and cloud solutions.

TABLE 2.

Cloud penetration by use case.

<i>Government service</i>	<i>Governments using cloud-based software (%)</i>
Service request (311)	59%
Building permits	42%
Business permits	35%
Planning/land use permits	45%

Cloud-based solutions force officials to weigh potential trade-offs between *efficiency* and *cybersecurity*.



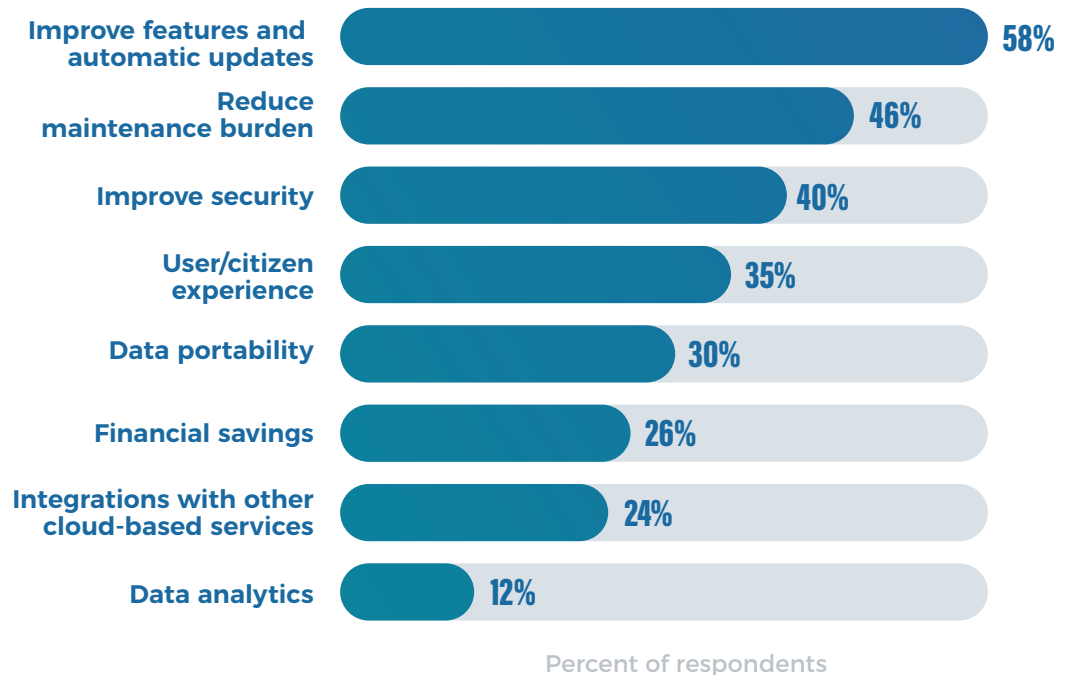
The most common reasons driving the decision to adopt cloud-based software solutions among local government officials were improved features and reduced maintenance burden. As one local official we interviewed put it, “Some of [our] hardware appliances are really outdated so it just makes sense to move it to the cloud.”

The decision to adopt cloud-based software for local government activities and services is multi-faceted. Many local government officials are concerned about cybersecurity and increased vulnerability to cyber attacks, which can be a reason to choose cloud-based solutions or avoid them. A few interviewees mentioned the [2020 ransomware attack](#) on a popular SaaS provider as a factor in their local government’s decision to put off SaaS adoption. In these cases, security was the justification for continuing to run operations on premise. One respondent we interviewed revealed: “our IT Director preferred the security of it all being on our systems where he had control over everything, security wise.”

Financial costs or benefits from moving to cloud-based solutions were ambiguous. Some local government officials we interviewed thought that moving services to the cloud would reduce overall costs by allowing them to spend less on staff, servers, and equipment, while others thought the higher annual subscription cost for a cloud-based tool would eliminate any savings or actually end up costing more.

FIGURE 5.

Which of the following reasons influenced your local government’s decision to adopt a cloud-based SaaS solution? (Select all that apply.)



*Many local government officials are concerned about **cybersecurity** and increased vulnerability to **cyber attacks**, which can be a reason to choose cloud-based solutions or avoid them.*

Survey Information

In July 2021, CivicPulse surveyed government officials to ask about the current state of software in local government and trends toward Software as a Service in the public sector. The survey respondents were drawn from a randomized stratified sample of townships, municipalities, and counties in the United States with populations of 1,000 or more, using a contact list of local government officials continuously updated by Power Almanac. Governments serving areas with larger population sizes were more likely to be sampled. The survey sample included top appointed officials, heads of purchasing, heads of public works, heads of IT, heads of finance, head building official, and clerks. In some instances, a deputy official reporting to one of the previously listed officials completed the survey. The report includes data from 421 respondents who completed the survey as well as 163 respondents who completed part of the survey.

Respondent Map

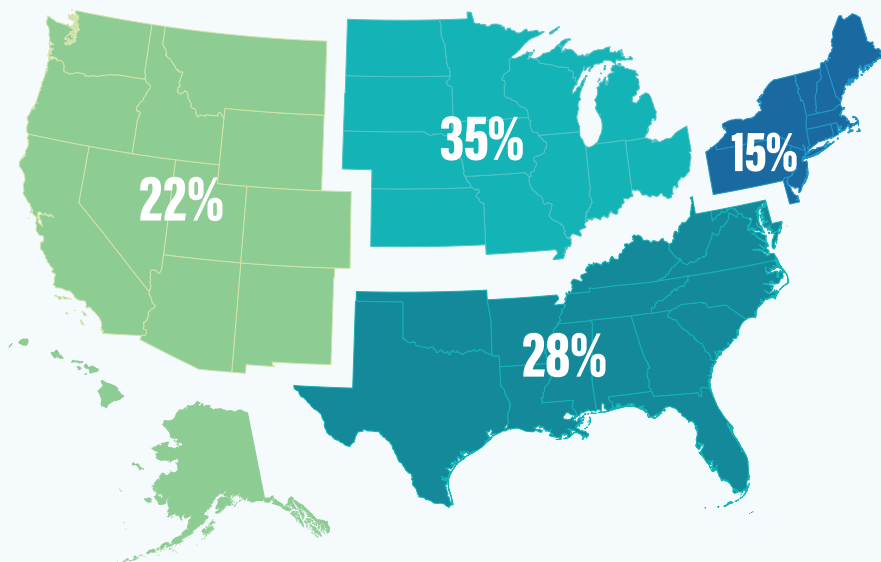


TABLE 3.
Respondent Position

	<i>Respondents</i>	<i>Percent</i>
Clerk	35	6%
Head Building Official	107	18%
Head of Finance/Budgeting	149	26%
Head of IT	69	12%
Head of Public Works	72	12%
Head of Purchasing/Procurement	49	8%
Top Appointed Official	103	18%

TABLE 4.
Government Size

	<i>Respondents</i>	<i>Percent</i>
1-10k	92	16%
10-40k	192	33%
40-75k	120	21%
75-150k	82	14%
150k or above	98	17%

TABLE 5.
Government Type

	<i>Respondents</i>	<i>Percent</i>
County	174	30%
Municipality	330	57%
Township	80	14%

Acknowledgements

CivicPulse would like to thank all of the officials who participated in our July survey. We would also like to thank the following officials for participating in follow-up interviews that helped provide context to the survey results: David Bessen (Arapahoe County, CO), Chris Brimmer (Fairlee, VT), Ashley Carr (Clarksburg, WV), Jane Decker (Doral, FL), Carlos DeMelo (Belmont, CA), Brian Dick (Perinton, NY), Steven Gonzalez (San Patricio County, TX), Mike Hronek (Green Bay, WI), Gerardo Noriega (McAllen, TX), Ron Puccinelli (Menifee, CA), Brad Rosen (Poway, CA), Jennifer Ward (Tacoma, WA), and Gregory Wright (Greenwood, IN).

