

June 11, 2026

Statement for the Record Regarding Modernizing Government and Streamlining Government Technology

Dear Chair Gaspard and Members of the Commission on Government Efficiency:

Thank you for the invitation to participate in this important hearing. My name is Brian Chen, and I am the policy director of Data & Society, an independent, nonprofit research and policy institute studying the social implications of data-centric technologies, automation, and AI. We believe that technology policy must be grounded in research, account for technology's real-world impacts, and serve the public. For the last decade, Data & Society has conducted empirical social science research on the social implications of emerging technologies, focusing on such areas as privacy, accountability, and fairness.

My message today focuses on the pressures being brought to bear on municipal governments to adopt AI in the name of technological modernization. New York City should move cautiously in any adoption of AI, focusing on protecting and enhancing government efficiency and overall resilience:

1. The productivity benefits of AI remain unproven, and large commercial models are increasingly expensive as the real costs of AI computing power emerge.
2. Efficiency in government requires that technological tools align with public priorities and worker expertise; this will require deliberate processes of public and internal staff engagement.
3. Where AI may offer benefits to service delivery, the City will need to engage in robust governance, utilizing robust vetting and pre-deployment assessment to ensure that technologies work as advertised, do not erode public trust, and are aligned with public expectations.

First, the productivity benefits of AI remain unproven, and large commercial models are increasingly expensive as the real costs of compute emerge. Where AI is used, the City should prioritize smaller, purpose-built AI models, avoiding vendor lock-in and dependencies with Big Tech.

Although AI developers frequently market the benefits of AI's effects on productivity, incorporating AI into public workflows is unlikely to automatically make City services more efficient. The technical advancements of generative AI are impressive, but enhanced capacities have yet to translate to empirically proven gains in productivity. AI remains error-laden, biased,

inaccurate, and dysfunctional, especially if it is not carefully built to fulfill a narrow purpose.¹ Even from a purely technical perspective, there is little evidence on the effectiveness and impact of AI tools.² Its failures at the essential functions of civil servants are well-documented: Mayor Mamdani has described how a “functionally unusable” AI chatbot, deployed by the prior administration, wasted public funds while adding no value.³

Whatever benefits the City might realize through the use of generative AI, it will need to carefully consider them against the steep costs of commercial large language model (LLM) usage. Off-the-shelf AI models designed by private companies like Anthropic, OpenAI, and Microsoft are very expensive. Even corporate America is beginning to balk at the high costs of LLM usage.⁴ Global energy shocks are making the matter worse: developers are increasingly restructuring enterprise contracts and passing the cost of energy market volatility onto the customer.⁵ Given its fiscal constraints, the City needs to carefully consider whether AI adoption is worth its true costs. Incautious adoption of AI by City agencies risks undermining the administration’s work to allocate and spend public funds efficiently.

Where City agencies wish to consider procuring AI models, the City should prioritize alternatives to commercial AI models offered by Big Tech, looking toward smaller, purpose-built, and open-source models that might help the City avoid vendor lock-in and escalating energy costs. There is a growing trend toward “frugal AI,” an increasingly popular term to describe more environmentally-friendly, task-specific, open-source AI that minimizes data and resource consumption.⁶ Because such models can be customized to be narrowly scoped, they are often cheaper and tend to outperform more generalized LLMs. Even private businesses are realizing the benefits to smaller, purpose-built AI models; Salesforce has described them as “more sustainable” and “more cost effective, easier to fine-tune, and operate faster, improving the user experience.”⁷ As an alternative to Big Tech-developed generative AI models, this approach has several benefits: enhanced performance, greater public trust, greater energy

¹ See, e.g., Inioluwa Deborah Raji, et al., *The Fallacy of AI Functionality*, FAccT '22 (June 20, 2022), <https://dl.acm.org/doi/10.1145/3531146.3533158>.

² Imogen Parker, Anna Studman, Elliot Jones, *Learn fast and build things*, Ada Lovelace Institute (Mar. 14, 2025), <https://www.adalovelaceinstitute.org/policy-briefing/public-sector-ai/>.

³ Colin Lecher and Katie Honan, *Mamdani to kill the NYC AI chatbot we caught telling businesses to break the law*, The Markup (Jan. 30, 2026), <https://themarkup.org/artificial-intelligence/2026/01/30/mamdani-to-kill-the-nyc-ai-chatbot-we-caught-telling-g-businesses-to-break-the-law>.

⁴ Bradley Olson, *Corporate America Is Starting to Ration AI as Cost Skyrockets*, Wall Street Journal (May 28, 2026), <https://www.wsj.com/tech/ai/corporate-america-is-starting-to-ration-ai-as-cost-skyrockets>.

⁵ Hannah Lipstein, *Greening AI in the Public Sector: An introductory handbook for procurement*, Data & Society Research Institute (June 2026) (forthcoming).

⁶ Timnit Gebru, *Frugal AI*, AI Now Institute (Feb. 10, 2026), <https://ainowinstitute.org/publications/frugal-ai>.

⁷ Boris Gamazaychikov, *Unveiling Salesforce’s Blueprint for Sustainable AI: Where Responsibility Meets Innovation*, Salesforce (Dec. 19, 2025) <https://engineering.salesforce.com/unveiling-salesforces-blueprint-for-sustainable-ai-where-responsibility-meets-innovation/>.

efficiency that translates to cost savings, and more customizable control to enable greater municipal autonomy.⁸

Second, government efficiency in technology must ensure that tech systems are aligned with public priorities and worker expertise. Doing so will require a deliberate process of public and internal engagement.

In line with the Mayor’s Office of Mass Engagement, public input should always be part of decisions to procure technological systems that may impact City services. It is essential to recognize the forms of expertise that residents and affected communities contribute. They should play a key role in problem formulation, ensuring that novel technology adoption is well-articulated to the needs on the ground. For example, communities are already expressing deep concerns about how the City may be engaging tech vendors for the use of AI in the City’s public schools.⁹ Community groups can help identify blind spots: key risks and problems that must be addressed before a project should move forward.¹⁰ Further, the most strategically important time to elicit community input is before a procurement process begins.¹¹ Technical speed and “efficiency” of tech systems matter only to the extent that they align with established community preferences.

Similarly, worker input should be solicited well before procurement to help define the goals of an AI system, articulate them to agency needs, and anticipate harms. Tech-enabled efficiency metrics often “cut off workers’ abilities to define the value added — or not added — by AI systems within their workplaces, distorting both professional norms and how efficiency itself is defined.”¹² Deliberate worker engagement can help to bring forward values that should shape the drive for efficiency, such as “collaborative, human-driven processes; prioritization of health and safety; [and the] foregrounding of objectives that serve the public good and society at large[.]”¹³

Third, to realize the efficient use of new technologies, including AI, procurement should prioritize governance that enhances transparency and ensures that systems are fit for purpose. Otherwise, hastily deployed technology systems are likely to burden the City with expensive, underperforming technology.

⁸ Lipstein.

⁹ Matthew Haag, *Majority of City Council Members Urge Mamdani to Pause A.I. in Schools*, New York Times (June 9, 2026), <https://www.nytimes.com/2026/06/09/nyregion/nyc-schools-council-members-ai-ban.html>.

¹⁰ Meg Young, et al., *Gear Shift: Driving Change in Public Sector Technology through Community Input*, Data & Society Research Institute (June 2025), <https://datasociety.net/library/gear-shift/>.

¹¹ *Id.*

¹² Alexandra Mateescu, Aiha Nguyen, and Sanjay Pinto, *Last Place in the AI-First Economy*, Data & Society Research Institute (April 1, 2026), <https://datasociety.net/library/last-place-in-the-ai-first-economy/>.

¹³ *Id.* at 9.

It is critical for the City to bolster its procurement protocols to ensure that it is acquiring and deploying technologies that are fit for the task at hand. Existing public sector procurement processes often are not effective in ensuring transparency and fairness around AI products, or for avoiding vendor lock-in.¹⁴ Market concentration and knowledge asymmetries exacerbate these issues. City procurers need consistent guidance and terminology to help them buy AI well.

Purchasing is the primary opportunity to conduct risk assessments on AI for civil rights, privacy, cybersecurity, and other essential protections for New Yorkers. Without careful evaluation and risk assessment, public agencies risk adopting expensive AI systems that violate people's rights and fail to work as intended. Governance mechanisms should include independent testing, ongoing monitoring, and redress mechanisms for affected individuals.¹⁵ These mechanisms are critical not only to accountability but to onboarding technology that can meaningfully drive improvements in City services. The City Council has made important steps towards this goal by passing the 2025 GUARD Act, but to date those mandates remain unfulfilled.

Although efficiency is often framed purely in terms of speed and technical capacity, the efficient use of new technologies takes time: time to identify impactful opportunities for computational tools, time to frame agency needs and requirements, time for stakeholder engagement, and time for intentional development, slow rollout, testing, and course-correction. Responsible AI procurement requires more lengthy evaluation periods to ensure that government work is proceeding cautiously and without errors.

Respectfully,

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¹⁴ Imogen Parker, Anna Studman, Elliot Jones, *Learn fast and build things*, Ada Lovelace Institute (Mar. 14, 2025), <https://www.adalovelaceinstitute.org/policy-briefing/public-sector-ai/>.

¹⁵ Emanuel Moss, et al., *Assembling Accountability: Algorithmic Impact Assessment for the Public Interest*, Data & Society Research Institute (June 19, 2021), <https://datasociety.net/library/assembling-accountability-algorithmic-impact-assessment-for-the-public-interest/>.