

## Call to order and welcome

The Information Technology Advisory Council meeting was called to order at 1:02 p.m. by Vice Chair Adam Lee. Mr. Lee welcomed all the members. Ms. Gauldin called the roll. A quorum was not present. Without a quorum, the Council was unable to readopt the Remote Participation Policy, approve minutes, or conduct officer elections.

## Presiding

Adam Lee, Vice Chair

## Members present

- Traci Deshazor, Secretary of Administration
- Michael Watson, CIO of the Commonwealth
- Delegate Fernando “Marty” Martinez
- Senator Saddam A. Salim
- Anthony Gitalado
- Sam Nixon

## Members attending virtually

- Senator Bill DeSteph
- Senator Jennifer B. Boysko
- Delegate Micheal Feggans
- Delegate Jackie Glass
- John Craft
- Cherif Kane
- James Kraemer
- Dr. Timothy Tillman

Senator DeSteph, Senator Boysko, Delegate Feggans, Mr. Craft, Mr. Kane, and Dr. Tillman participated remotely due to distance or work conflict. Delegate Glass and Mr. Kraemer participated remotely due to personal reasons.

## Members not present

- Phea Ram
- Delegate Joshua Thomas

## Staff present

- Jaime Hoyle, Director, Legal and Legislative Services
- April Gauldin, Legal and Legislative Services Coordinator
- Jennifer Guild, Acting Director, Communications and Strategy
- Rebecca Askew, Manager, Policy and Governmental Affairs
- Alexandra Ramirez-Randazzo, Manager, Legal Compliance and Policy
- Ephfrom Walker, Legal Compliance and Policy Specialist
- Katie Watson, Intern, Legal and Legislative Services
- Shabeen Vijayan, Director, Enterprise Sourcing and Risk Management
- Andrew Bartlett, Manager, Market and Analytics

## Review of agenda

Ms. Gauldin provided an overview of the agenda.

## Digital Services Team

David Wilkinson, Chief Transformation Officer of the Commonwealth, presented on the Governor's Digital Services Team initiative. He stated that the Governor's top priority is a government that works and has practical and effective service delivery. The Digital Services Team is one example of that, and it aims to improve resident, business, and employee experience with government systems. Systems, not necessarily unique to state government, often suffer from delays, budget overruns, clunky usability, and challenges beyond technical fixes (historical, regulatory). The Digital Service Team focuses on customer service experience and is based on prior successful national efforts such as the healthcare.gov remediation that used modern technologists on leave from Google and Meta that could rapidly fix failing digital systems. Chief Wilkinson highlighted Maryland, Colorado and Pennsylvania as leaders in this area. Maryland improved eligibility systems and reduced screens by 40 percent and improved completion rates by 15 percent. Several areas will be emphasized with the Digital Services Team. These include areas that have persistent challenges, including technology. For procurement, it will work in support of and in collaboration with VITA to design a better front end that works better for state and vendors, as well as contract oversight. In the area of hiring, it will assist the Department of Human Resource Management (DHRM) to improve job architecture by recognizing what is done in the position described during the hiring process. The Digital Services Team will also assist with Artificial Intelligence (AI) enablement and support. Chief Wilkinson assured the Council that the team is going to be up and running fast, with the new leader starting soon and the team coming on board in the following weeks after

the leader starts. Secretary Deshazor requested to add some context to Chief Wilkinson's remarks, as this is the first time that many have heard about how the Digital Services Team is being framed out. Secretary Deshazor emphasized that what you should be hearing is collaboration. There will be conversations with VITA daily and there will be involvement by DHRM. The compensation and classification studies are currently being updated to reflect modern roles. While we recognize that agencies are different sizes and have different capacities, the Digital Services Team can support small and medium-sized agencies that haven't had support for lingering challenges. This is to ensure that agencies are well positioned to procure effectively and articulate their needs. Senator DeSteph asked about VITA's timeline on AI guidance. Mike Watson reported that there is progress on contracts and that some issues involve technical incompatibility. There will be follow-up with the Senator with the details. Senator Boysko asked for a point of contact for professionals wanting to participate in the team and if there would be collaboration across teams. Secretary Deshazor thanked the Senator for their willingness to collaborate and said to reach out to her directly.

## Cost in Market Analysis

Shabeen Vijayan started the next presentation on cost in market analysis by explaining what her team in Enterprise Sourcing and Risk Management does. She explained that her team is here today to share information on upcoming procurements and market research. The end user tower recompute has been posted and the data service tower work is in process, and more information will be shared later. Andrew Bartlett continued the presentation with an executive summary showing global demand for AI and data-center computing coupled with supply chain disruptions continue to drive volatility. Server prices have increased 50-125% in two quarters, while chip suppliers anticipate continued shortages through 2027 and possibly 2030. Delegate Martinez asked about what is driving up the prices and if tariffs are impacting this. Mr. Bartlett answered that the demand is primarily from hyperscalers and that production is moving to higher margin chips. CIO Watson added that companies are making more money off the enterprise and moving away from the consumer. There are some products that we can't find an alternate source for. Mr. Bartlett continued the briefing on how labor costs for AI, cloud, cybersecurity, and data roles are rising. Software providers are shifting from perpetual licenses to subscription models, increasing year-over-year costs. Contracting strategies now require shorter price validity windows and new procurement approaches. Bulk purchasing offers limited benefit once storage costs are factored in. CIO Watson added that cost avoidance remains a priority and that significant pricing increases are expected for several years. This will require the Commonwealth to be creative and strategic about timing purchases. Delegate Martinez questioned whether we could put a manufacturing plant in Virginia long term. Secretary Deshazor commented that she is already having conversations about these challenges and that the discussions are ongoing. Delegate Martinez stated that this will impact the budget and that being forewarned will help them to know what is coming.

## Commonwealth of Virginia AI Strategic Framework

Michael Watson briefed the Council on the Commonwealth's AI Strategic Framework. CIO Watson stated that AI adoption is increasing across agencies, and that they had moved from approximately 90 approved use cases in late October 2025 to 123 approved use cases in mid-May 2026. The AI Strategic Framework focuses on safe, aligned, cost-effective use of AI. There has been a lot of time spent preparing and CIO Watson thanked Ms. Vijayan's team for their work to ensure that we are far along. CIO Watson commented that it is not about technology, it's about what we need to do to be able to consume the technology. The technology being available does not mean successful use of the technology. When AI oversight was started, requests came in quickly and have slowed since. Currently, requests are targeted for specific use cases and software as a solution (SaaS). It has been recognized that the speed of adoption is changing and we are being intentional about that. The principles of AI Deployment include clear objectives, human accountability, disclosure, defined roles, and evidence of non-biased outcomes. These are what we are looking for when anything AI comes through. AI technology is consumption driven and, as companies evolve, we must figure out the right balance of pricing. There is not currently a token deployment process in place, instead the focus is if the agencies are ready and if the guardrails are in place. Delegate Martinez stated that no matter who creates the engine, there will be biases. How do we find them out? CIO Watson answered that there will be criteria to ask questions and we will look at the answers given so that we can tease out the bias from the answers. The framework drives those behaviors as part of the rollout. Governance requires executive sponsorship, business champions, technology guidance, and validation. Secretary Deshazor added that they will share agency use cases at a future meeting. CIO Watson explained further that the need will be to find the best technology for the use case because not all services are built the same. This will require not only having one type of AI deployment in the environment and constant review and management.

CIO Watson moved on to the topic of when it is safe to use AI and commented that this is tricky to answer. There will be risk tiers to determine procurement and safeguards. These tools are still new, and we do not have a good handle on cybersecurity in the AI space yet. AI is programmed to try and learn more, which is not always malicious, but can still be harmful. Mr. Nixon asked about tools to prevent the ingestion of personal data. CIO Watson stated that protection capabilities are limited, but that is what we are working on. We want to be sure we can control that and stop entry before people put it directly into the system. This will require some pre-inspection before it gets to AI or live checking before AI analyzes the data. CIO Watson shared that agencies will be slotted into one of five categories for AI adoption. Those categories are knowledge based, solution embedded, development driven, custom solutions, and agentic. Most agencies will fall into the knowledge-based category, which will expand

knowledge and feed the knowledge set. Solution embedded is the most difficult in the contract space because it is the most unknown and will have the least certainty of protection. We will have to trust companies are doing what they say they are because we will not be able to audit. Secretary Deshazor added that they are actively talking to other states, including Massachusetts, to understand their approaches in this area. CIO agreed that the administration is engaged in this space and recognizes that it is going to make all of us work better to collaborate. The development driven category will drive a lot of legacy coding out. The custom solutions category will be customized and will require us to determine how to scale it. The agentic category is the least known. It is most likely to drive up costs and has the least amount of human involvement. CIO Watson asked the Council members how this will fit into our strategy. CIO Watson moved on to discuss emerging AI governance trends across the U.S. and the areas where most of the attention went into for AI policy and laws. Secretary Deshazor commented that this speaks to a question that Delegate Martinez asked at the last meeting. CIO Watson explained that this focuses on how we make sure that AI is being used for what it's intended to be used for. Two of the main focus areas, protection of minors and required disclosure of AI use, concentrate on trustworthiness and transparency. Trying to be as open as possible about business processes is an important aspect of government work. Regarding the healthcare space, because this is the biggest area in the Commonwealth, the question is do we have the right checks and balances in place for when this is used.

CIO Watson moved on to speak about an AI-ready Commonwealth. Success in the use of AI depends on the Commonwealth being ready and this is how we're driving maturity assessment in the Commonwealth. We already know that AI reshapes the way we do our work and that we've architected business processes to keep hitting approve. We want people to know how to look for things that aren't real. This includes having AI champions at each agency that drive adoption and share information. It will take time to get people up to speed and this process will evolve and be added to as we go through. Procurement in an AI-ready Commonwealth involves hard conversations and communication. We need to figure out where we are comfortable due to untested legal language and rapidly changing technology. The challenge of representing this in procurements is not unique to the Commonwealth. There are discussions happening now about where the right boundaries are for this, but there are no final decisions to look to from the courts. Secretary Deshazor asked CIO Watson to speak about the complexities for the agencies. He stated that one solution is creating different user personas. For example, a normal user in the knowledge worker class can pull information from sources, it will be predictable and not large scale. Then there are code-intensive users, who will have cycles of reading and generating that will drive costs up heavily. There is a need to figure out how agency needs can be identified. The agencies don't have the answers, and VITA is doing its best to advise, but there will be some guessing and revisions will happen often. CIO Watson spoke next about data

readiness and how we need to be ready with our data. AI only turns data into something useful for us and it is very important that data foundations are in place for AI to function properly. Without this part done, AI won't be successful and there will be too much money spent on an ineffective tool.

The next topic discussed was VITA's near-term goals. We need to understand what agencies are after so that we can bring the right tools to the table. This can include procurement and cybersecurity. This includes helping agencies understand if they are ready and, if not, what they need to do to get ready. There is training lined up for Commonwealth of Virginia employees and there is currently leadership training for agency heads that is ongoing. Secretary Deshazor added that there is a government learning institute multi-month training program that is underway that is intended to get them up to speed and has been successful so far. Delegate Martinez asked if there is someone on staff that truly understands how AI works. CIO Watson stated that there are staff at VITA, including himself, that fall into that category. Secretary Deshazor emphasized that we are actively deepening our knowledge and understanding, but also not holding back on ways we can adopt this technology. Mr. Nixon asked what a typical use case from an agency looks like. CIO Watson shared that they mostly focus on collecting information and helping them find what they are looking for in a subset of information from data they already have. This will help speed up the process by summarizing and using trend analysis. Mr. Nixon followed up by asking if we are seeing contracts where AI tools are embedded into the tools and we aren't comfortable approving them. CIO Watson confirmed that is happening and that we know we are not ready, but that we can get there. There is not a large investment in AI right now and we do not have a current plan to speed up. CIO Watson informed the Council if we want to move more quickly, we will need to spend more money. This also begs the question of where the appetite is for it.

## **Public comment period**

There was one public commenter. Dylan Bishop of Wilcox & Savage law firm, representing technology clients, introduced himself and offered assistance.

## **Other business**

Mr. Lee opened the floor for other business. Ms. Gauldin discussed travel forms and the next meeting, which will be held December 8, 2026, at 1p.m. in person. Ms. Gauldin will distribute meeting slides after the meeting through email.

## Adjourn

At 2:29 p.m., the meeting was adjourned after a motion was made by Mr. Nixon and seconded by Delegate Martinez.

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