

2024 NCCAE-NACo Knowledge Management Forum

NOTES, SLIDES AND ADDITIONAL RESOURCES

<https://www.naco.org/event/2024-nccae-naco-knowledge-management-forum>

August 14-16, 2023 | Ramsey County, Minn.

Table of Contents

Wednesday, August 14

- [Discussion on Opioid Settlement Funding](#)
 - [View slides](#)

Thursday, August 15

- [Part 1: The State of County Economies](#)
 - [View slides](#)
- [Part 2: The County Role in Economic Development](#)
 - [View slides](#)
- [Part 3: Managing Growth – Public Sector Workforce Challenges](#)
 - [View slides](#)
- [Part 4: The County Role in Economic Mobility](#)
 - [View slides](#)
- [Part 5: Managing Growth – Housing Challenges](#)
 - [View slides](#)
- [Part 6: The Politics of Homelessness](#)
 - [View slides](#)

Friday, August 16

- [GFOA Update on Rethinking Financial Reporting](#)
 - [View slides](#)
- [Part 1: State Policy Trends Challenging Major County Revenue Sources](#)
 - [View slides](#)
- [Part 2: Rethinking Property Taxes and County Revenue](#)
 - [View slides](#)
- [Social Media and Other Litigations and Their Importance for County Governments](#)
- [Closing Discussion, Other Top Issues and Next Steps](#)

Wednesday August 14

Discussion on Opioid Settlement Funding

- Stephan Currie, Executive Director, Michigan Association of Counties (moderator)
 - Email: scurrie@micounties.org
- Amy Dolinky, Technical Advisor – Opioid Settlement Funds, Michigan Association of Counties
 - Email: dolinky@micounties.org

Key Takeaway: *Coordination on how to maximize impact of funding from opioid settlements.*

Link to Slides: https://www.naco.org/sites/default/files/2024-08/2024KMF_Wednesday_OpioidSettlements.pdf

Technical Assistance and Settlement Administration in Different States:

- **Amy's Role:** Amy provides technical assistance (TA) to counties in Michigan, working with 72 counties. She helps local governments navigate the complexities of opioid settlement funds and ensure they are spent wisely.
 - ***Michigan Opioid Settlement Funds Toolkit - A Guide for Local Spending:*** Provides direction on process and linkage to existing local and national resources to assist with creation of targeted efforts from any starting place. Broken down into four steps: (1) Stakeholder Engagement, (2) Data Gathering, (3) Determine Process Moving Forward and (4) Monitoring and Accountability.
- **Michigan's Situation:** Michigan has a 50/50 split between state and local governments for the \$1.6 million settlement. The state's withholding of funds due to county lawsuits has made it difficult for counties to secure competitive bids for services. Universities are also involved in providing TA, funded by the state's share of the settlement.
- **Public and Media Perception:** Amy emphasized the importance of transparency in spending and the need for local governments to communicate their plans clearly to avoid negative public perceptions.
- **Kentucky and Pennsylvania:** Kentucky has a similar setup to Michigan, with a focus on using philanthropic resources to fund staff like Amy. In Pennsylvania, the administration of settlement funds has become more complex than expected, with technical assistance focused on research rather than direct mitigation strategies.
- **Minnesota:** Their approach focuses on upstream prevention rather than just treatment, aiming to reduce long-term opioid use. The state's public health and human services systems are closely integrated, helping to address immediate and systemic issues.

Challenges and Ethical Considerations:

- **Spending Transparency:** Amy highlighted that many counties have not yet spent their settlement funds, which can create a perception of inaction. The lack of a clear enforcement mechanism and public knowledge about how funds should be used is a significant challenge.
- **Ethical Responsibility:** There's frustration with the focus on short-term gains rather than long-term, sustainable solutions. Amy stressed that the funds should be used to mitigate the

impact of the opioid crisis rather than being absorbed by universities or used to supplant existing state funding.

- **Public Engagement:** Counties are exploring various ways to engage the public, including surveys and community forums, but there's a need for better processes to involve people with lived experience in meaningful ways.

Survey and Data Control:

- **Survey Response:** A recent survey in Michigan had a 77% response rate. Some counties are refusing state money to maintain autonomy. The aggregated survey data is shared publicly, but individual county data is protected to ensure confidentiality.
- **Data Management:** There's ongoing tension between the state's desire for access to data and counties' efforts to control and protect their information.

Frustrations and the Future:

- **Intergovernmental Tensions:** Amy expressed frustration with the competition between counties and the potential breakdown of collaborative structures due to the influx of settlement funds. She also noted the increasing influence of industry interests, which she views as driven by greed rather than a genuine desire to address the opioid crisis.
- **Need for Sustainable Solutions:** There's a strong call for counties to focus on building long-term, sustainable infrastructure to address the crisis, rather than simply spending the settlement funds without a clear, coordinated strategy.

Minnesota's Specific Challenges:

- **Housing and Homelessness:** The tension between immediate needs (e.g., getting people into shelters) and addressing root causes (e.g., mental illness, substance abuse) is a significant issue in Minnesota. There's a need for a more integrated approach to tackle both housing instability and the underlying issues driving homelessness.

Additional Resources:

- **[Michigan Opioid Settlement Funds Toolkit - A Guide for Local Spending](#):** Provides direction on process and linkage to existing local and national resources to assist with creation of targeted efforts from any starting place. Broken down into four steps: (1) Stakeholder Engagement, (2) Data Gathering, (3) Determine Process Moving Forward and (4) Monitoring and Accountability.
- **Planning**
 - Planning Worksheet Template ([PDF](#)) ([Word](#))
 - Steering Committee Development and Tips for Processing Requests for Funds Guidance Document ([PDF](#))
 - Steering Committee Creation Resolution Template ([PDF](#)) ([Word](#))
 - Opioid Settlement Work Plan Template ([PDF](#)) ([Excel](#))
- **Spending**
 - Spending Plan Template ([PDF](#)) ([Excel](#))

- Request for Proposals and Associated Budget Template ([PDF](#)) ([Word](#)) ([Excel](#))
- Request for Proposals Scoring Template ([PDF](#)) ([Excel](#))
- Vendor/Contractor Agreement ([PDF](#)) ([Word](#))
- Pass-through Entity Agreement ([PDF](#)) ([Word](#))
- **Transparency**
 - Annual Report Template ([PDF](#)) ([Word](#))
 - Public-facing Planning Process Document ([PDF](#)) ([Word](#))
 - Transparency Guidance Document – Will be released by the end of August

Thursday August 15

Part 1: The State of County Economies

- Ricardo Aguilar, Associate Director – Data Analytics, NACo
 - Email: raguilar@naco.org
- Jonathan Harris, Associate Director – Research, NACo
 - Email: jharris@naco.org
- Stacy Nakintu, Senior Research Analyst, NACo
 - Email: snakintu@naco.org

Key Takeaway: Foundational information to frame the day's discussion.

Link to Slides: https://www.naco.org/sites/default/files/2024-08/2024KMF_ThursdayMorning_CountyEconomies.pdf

The National Picture at the County Level

- **National Economy:** Overall, the national economy is doing well, with higher GDP growth than expected, lower inflation and lower unemployment. The economy has recovered from the COVID-19 recession.
- **County-Level GDP Trends:** On the ground, the county level presents a more varied picture. Between 2020 and 2022, one third of counties kept pace with the national GDP growth rate of 7.8%. On the other hand, one quarter of counties experienced GDP decline.
- **County-Level Population Trends:** One third of counties had significant population growth (>0.5%), one third were stagnant (+/- <0.5%), and one third had significant population decline (>0.5%). These categories are driven by migration trends (primarily domestic, but some international) – people are moving to certain regions and away from others.
- **Growth and Decline Factors:** Many factors help drive business and population growth, such as: proximity to trade routes, local cost of living, public amenities, a strong justice and public safety system, broadband access and effective use of local resources. On the other hand, many factors can inhibit growth, including: housing affordability, limited health care access, substance use disorder challenges, inadequate opportunities for youth, inadequate access to childcare and natural disasters.
- **Housing:** Top factor inhibiting both business and economic growth. Housing access and affordability don't necessarily drive growth, but a lack of housing inhibits growth. 82% of counties believe their housing market does not meet the needs of residents.
- **Health:** Access to health services negatively impacted half of counties, and many saw negative economic impacts from behavioral health challenges, including substance use.

- **County Economic Profiles:** Available for free for every county on [County Explorer](#), these profiles contain a wealth of information to help county leaders, including: (1) Demographic overview, (2) Housing units, (3) Household income, (4) Gross Domestic Product (GDP), (5) Labor force trends, (6) Employment by industry, (7) Poverty and community health, (8) Educational statistics and (9) Natural disasters.
- **Why County Economies:** Counties are involved in so many different areas of life on the ground. The issues, challenges, datasets and categories mentioned are some of the many areas in which county leaders can play a role and improve their local communities.
- **Messaging Challenge:** Many people simply do not believe that the economy is doing well overall, or are not seeing the benefits themselves on the ground. How do we communicate these statistics with them? Or, how can we promote a positive narrative when most others have been stuck on a negative narrative since 2020?

Additional Resources:

- [County Economic Profiles](#) – available on County Explorer
- [County Economies 2024: Under the Hood of National Economic Trends](#)
- [County Governance Project](#) (state profiles + database)
- [America’s County Governments: A Short Primer on Our History, Definitions, Structures and Authorities](#)
- [The County Landscape](#)

Part 2: The County Role in Economic Development

- Dr. Dell Gines, Chief Innovation Officer, International Economic Development Council
 - Email: dgines@iedc.org
- Nick Leonard, Deputy County Administrator, Otter Tail County, Minn.
 - Email: nleonard@ottertailcounty.gov

Key Takeaway: *Clear definition of the ideal role counties should play in local economic development, community planning and business attraction/support, plus strategies to encourage county leadership in regional/intergovernmental partnerships.*

Link to Slides: https://www.naco.org/sites/default/files/2024-08/2024KMF_ThursdayMorning_EconomicDevelopment.pdf

Role of Economic Developers

- Economic developers are the caretakers of the community. They do a lot of work, but don't always do a good job telling the story.

Housing and Workforce Development:

- A significant part of the discussion highlights the importance of affordable housing as a critical factor in economic development.
- The lack of workforce housing hinders the ability to attract businesses, which is a recurring challenge for economic developers.

Integration of Services:

- There's a growing need for economic developers to facilitate collaborations across multiple sectors, including housing, childcare, and infrastructure. This holistic approach is essential as economic development now requires integrating various community needs to create sustainable growth.

Use of Technology and AI:

- The discussion also touches on the potential of emerging technologies like AI, specifically the transformative impact of tools such as ChatGPT on economic development.
- Counties need to consider how to leverage these technologies both internally and in supporting local businesses.

Climate Resilience:

- The increasing frequency of climate events and their economic impact is another major concern. Counties are urged to prepare for these events by developing both preventative and disaster response plans to protect their communities.

Rural Economic Development:

- Specific strategies for rural counties were discussed, with examples from counties like Otter Tail County in Minnesota. These strategies include collaboration among local stakeholders, marketing efforts to attract residents and businesses, and targeted infrastructure investments like housing and broadband.

- Housing is the rural advantage, with the potential to slow or even reverse urbanization trends. Broadband, however, is the great equalizer – necessary for any rural area to grow.

Challenges in Policy and Governance:

- There is a recognition of the political and cultural challenges in implementing economic development strategies, especially in rural areas where there may be resistance to change or external growth. The need for counties to navigate these challenges effectively is emphasized.

Counties as Conveners:

- Counties are the bridge between municipalities and states. We also bring together various groups – private, nonprofit, other local government, etc.

Economic Development Across the States:

- About half of states present mentioned that their counties actively engage in economic development, but it's a different set up in every state.
- **Texas:** Discussions around tax incentives and abatements (negative perception of them); housing challenges.
- **California:** Economic development is a challenge in rural counties, since some don't really want new people or to grow their housing stock
- **Montana:** Counties are experiencing culture clashes as people move from other states (like California). Montana counties are having all the problems that come from growth – housing, wages, etc. And another challenge is that rural commissioners don't want to do any workforce or housing work – they see it as outside of the scope of government.
- **Nebraska:** ARPA dollars, plus population decline, shifted the mindset for a lot of commissioners as to the role of local government.

Part 3: Managing Growth – Public Sector Workforce Challenges

- Carlos Greene, National Program Director – Employee Benefits, NACo EDGE
 - Email: cgreene@naco.org
- David Hough, County Administrator, Hennepin County, Minn.

Key Takeaway: *Ideas for local and state-level policy and programmatic solutions to help county governments attract and retain an adequate public sector workforce that corresponds to regional growth trends.*

Link to Slides: https://www.naco.org/sites/default/files/2024-08/2024KMF_ThursdayMorning_Workforce.pdf

Workforce Challenges:

- The discussion focuses on the significant challenges counties face in attracting and retaining a qualified workforce. This includes the struggle to compete with the private sector in terms of compensation and benefits.
- The need to recruit and retain long-term, experienced employees is emphasized, with particular attention to the shortage of middle-level experienced workers who can mentor newer employees.

Workforce Development Strategies:

- Innovative programs like the "Pathways Program" are highlighted, which are designed to build a talent pipeline within the public sector. This program includes partnerships with non-profit organizations and educational institutions to train individuals for specific roles in county government, particularly in challenging job classes like Human Services.
- The program's success is measured by its ability to retain employees and promote them into leadership positions, with over 90% retention and significant career advancement for participants.

Adapting to Modern Workforce Expectations:

- The discussion also covers the evolving expectations of the modern workforce, such as the desire for flexible working hours, remote work options, and comprehensive benefits. The impact of these changes on organizational culture and employee engagement is a key concern.
- The importance of maintaining a positive organizational culture, even in a hybrid or remote work environment, is stressed, with strategies like team calls, retreats, and rewards systems being used to foster engagement.

Challenges with Policy and Regulation:

- The discussion touches on the difficulties counties face in adapting their HR policies to meet the needs of a changing workforce. This includes dealing with outdated hiring processes, educational requirements, and compensation structures that may no longer be competitive or relevant.

- The role of state barriers and the need for changes in state-level policies to support innovative workforce development programs are also discussed.

Use of Data and Technology:

- The use of data to measure the return on investment (ROI) for workforce programs, such as tracking the reduction in public assistance needs among employees who are hired.
- There is also a focus on adapting to technological changes, such as the impact of AI on the workforce and the need for continuous reskilling and upskilling of employees to keep pace with these changes.

Part 4: The County Role in Economic Mobility

- Jennifer Kuiper, Associate Program Director, Resilient Economies & Communities, NACo
 - Email: jkuiper@naco.org

Key Takeaway: *Clear definition of the distinct role counties (vs. states and cities) play in fostering economic mobility for residents, plus strategies to encourage county leadership while navigating the political terrain of our intergovernmental system.*

Link to Slides: https://www.naco.org/sites/default/files/2024-08/2024KMF_ThursdayAfternoon_EconomicMobility.pdf

Concept of Economic Mobility:

- Discussion around defining economic mobility in three ways: absolute (improving one's economic status within a lifetime), relative (comparison to peers), and generational (doing better than one's parents).

County-Level Impact:

- Counties play a crucial role in facilitating economic mobility by addressing disparities and providing opportunities. This involves a human-centered approach, focusing on moving individuals, families, and communities out of poverty and fostering equity.
- Counties engage in economic mobility through policies, land use decisions, hiring practices, and service provisions. A key area of focus is on skills-based hiring, which can open employment opportunities for a broader segment of the population.

Challenges and Disparities:

- Economic mobility is not uniform across the country, with significant disparities based on race, gender, education, personal wealth, and geography. Counties need to tailor their approaches to these local conditions.
- The discussion highlights the importance of broadband access, transportation, and infrastructure as critical factors influencing economic mobility, particularly highlighted during the COVID-19 pandemic.

Innovative Approaches:

- There are several innovative county-level initiatives, such as pooling health insurance for small business owners, providing childcare for emergency services employees, and restructuring HR departments for skills-based hiring. These efforts aim to remove barriers to economic opportunity and support workforce development.

Data and Technology:

- Emphasizing the importance of data, the discussion encourages counties to collect, analyze, and share data to track progress in economic mobility efforts.
- Partnerships with academic institutions and the use of evidence-based strategies are also highlighted as ways to improve economic mobility outcomes.

Challenges with Communication and Implementation:

- One of the challenges discussed is how to effectively communicate the concept of economic mobility to county officials and the public, especially in regions where there may be resistance to change or where the term “economic mobility” is not well understood.
- There is a call for more practical, on-the-ground examples and case studies to help county officials see the tangible benefits of these initiatives.

Future Directions and Partnerships:

- There are ongoing efforts to involve counties in networks focused on economic mobility, with support from foundations like the Gates Foundation. The importance of collaboration between counties, states, and private entities is emphasized as a way to scale successful models and create broader impact.

Across the States:

- **North Dakota:** There are only 11 democrats in the legislature (deep red) – there’s a German/Norwegian attitude of “pull yourself by your bootstraps”. With the oil boom, most people are making more money than their parents were. So it’s a different situation than many other places. But there are pockets that are struggling – not everyone has the skills to benefit from oil.
- **Texas:** Economic mobility is talked about in the urban areas. But most Texas commissioners are farmers/ranchers without an academic understanding of “economic mobility” or statistics. How do we bring this to those rural commissioners?
- **California:** Hear more about “economic opportunity” – meaning, helping make sure options are available to residents; commissioners don’t think about upward mobility.
 - Counties are positioned to make the change – not states, not cities. Community colleges, maybe, but counties are better positioned. The challenge is that it’s not a core responsibility of counties. In Lake County (poorest in Calif.), there’s a debate on the board as to whether there should be change at all.
 - Also, there’s a need to think of the county workforce as the community we are serving. Workforce development is a common theme.
- **Iowa and Minnesota:** A lot of our commissioners simply don’t like change. Most commissioners are older, and think: “this system worked for me, why should we change it?”
- **Texas:** When trying to message economic mobility, discussion of taxes resonated the most with older residents – i.e., the thought that we need to expand our tax base, or your taxes will keep going up. That message helped get the buy-in needed for economic development.
- **Montana:** It’s a marketing issue – Montana commissioners will not listen to “economic mobility”, but will listen to “economic development” and that can get the results you want. We need to think about how we communicate to rural counties differently so their ears can be open.

Part 5: Managing Growth – Housing Challenges & Part 6: The Politics of Homelessness

- Graham Knaus, CEO, California State Association of Counties
 - Email: gknaus@counties.org
- Julie Ring, Executive Director, Association of Minnesota Counties
 - Email: ring@mncounties.org
- Seva Rodnyansky, Manager – Housing Policy Initiative, The Pew Charitable Trusts
 - Email: srodnyansky@pewtrusts.org
- Tony Schertler, Executive Director, Dakota County Community Development Agency, Minn.
 - Email: tschertler@dakotacda.org
- Louie Sheridan, Jr., Housing Specialist – Native American Communities, Housing Assistance Council
 - Email: Louie@ruralhome.org

Key Takeaway 1: *Ideas for local and state-level policy and programmatic solutions to help counties anticipate and meet housing development needs based on current and future growth trends.*

Key Takeaway 2: *Advocacy and messaging strategies for promoting county leadership in politically sensitive areas when the county role is ambiguous and varied, using the issue of homelessness as a case study*

Link to Housing Slides: https://www.naco.org/sites/default/files/2024-08/2024KMF_ThursdayAfternoon_Housing.pdf

Link to Homelessness Slides: https://www.naco.org/sites/default/files/2024-08/2024KMF_ThursdayAfternoon_Homelessness.pdf

Housing Affordability Crisis:

- There are significant challenges counties face in providing affordable housing. The increasing cost of housing, both in terms of rent and homeownership, is highlighted as a critical issue impacting communities across the country.

Supply and Demand Dynamics:

- A major focus during the discussion is on the supply-demand imbalance in housing. The lack of sufficient housing supply, particularly in areas experiencing population growth, has driven up prices, making housing unaffordable for many. This is especially true in areas with restrictive zoning and land use regulations that limit the development of new housing units.

Innovative Solutions and Policy Reform:

- Several innovative approaches to address the housing shortage are discussed. These include reducing minimum lot sizes to allow for the construction of smaller, more affordable housing units, and encouraging the development of accessory dwelling units (ADUs) or "granny flats."
- The importance of policy reforms at the local and state levels, such as easing zoning restrictions and streamlining the permitting process, is emphasized as essential to increasing the housing supply and mitigating the affordability crisis.

Role of Counties and Local Governments:

- The role of counties in addressing housing challenges is emphasized. Counties can take a leadership role in housing by reforming land use regulations, promoting the construction of affordable housing, and collaborating with other governmental and non-governmental organizations.
- Counties should work to ensure that housing policies are equitable and address the needs of all residents, particularly the most vulnerable populations.

Impact of Housing Costs on Homelessness:

- The connection between rising housing costs and increasing rates of homelessness is explored. Areas with high rent increases have seen corresponding increases in homelessness, while regions that have managed to increase their housing supply have seen lower rates of homelessness.

Challenges Specific to Rural and Native American Communities:

- Rural and Native American communities face unique challenges. These communities often lack the data, resources, and infrastructure needed to effectively address housing issues.
- There are successful examples of leveraging federal programs and partnerships to improve housing conditions in these communities, but much more needs to be done.

Public Support for Housing Initiatives:

- Finally, the discussion touches on public attitudes toward housing initiatives. Survey data indicates that there is broad public support for increasing the housing supply and implementing policies that promote affordability. However, there is also resistance, particularly when it comes to changes in single-family zoning or the development of higher-density housing in established neighborhoods.

Additional Resources

- NACo Housing America's Residents Series
 - **Landing page:** <https://www.naco.org/resource/housing-affordability-americas-counties>
 - [Housing America's Residents: The Role of Counties](#)
 - [Housing America's Residents: The Federal-County Intergovernmental Nexus](#)
 - [Housing America's Residents: Finance, Lending and County Tax Policy](#)
 - [Housing America's Residents: Land Use, Zoning, Infrastructure and Community Planning](#)

- [Housing America’s Residents: Community Engagement, Education and Partnerships](#)
 - [Housing America’s Residents: Regulations, Codes and Fees](#)
- A Swing Constituency Could Help Allow More Homes
 - <https://www.pewtrusts.org/en/research-and-analysis/articles/2024/06/07/a-swing-constituency-could-help-allow-more-homes>
- Strong Support Across Partisan Lines for Policies That Boost Housing
 - <https://www.pewtrusts.org/en/research-and-analysis/articles/2024/05/29/strong-support-across-partisan-lines-for-policies-that-boost-housing>
- The High Cost of Putting a Roof Over Your Head
 - <https://www.pewtrusts.org/en/trust/archive/spring-2024/the-high-cost-of-putting-a-roof-over-your-head>
- Homeowners, Renters, and All Income Groups Back Housing Reforms
 - <https://www.pewtrusts.org/en/research-and-analysis/articles/2024/05/23/homeowners-renters-and-all-income-groups-back-housing-reforms>
- Support for Policies That Promote More Housing Crosses Geographic Lines
 - <https://www.pewtrusts.org/en/research-and-analysis/articles/2024/01/31/support-for-policies-that-promote-more-housing-crosses-geographic-lines>
- How Restrictive Zoning in Virginia Has Hurt Housing Affordability
 - <https://www.pewtrusts.org/en/research-and-analysis/articles/2024/01/22/how-restrictive-zoning-in-virginia-has-hurt-housing-affordability>
- Minneapolis Land Use Reforms Offer a Blueprint for Housing Affordability
 - <https://www.pewtrusts.org/en/research-and-analysis/articles/2024/01/04/minneapolis-land-use-reforms-offer-a-blueprint-for-housing-affordability>

Friday August 16

GFOA Update on Rethinking Financial Reporting

- Eric Bryson, Executive Director, Montana Association of Counties (moderator)
 - Email: ebryson@mtcounties.org
- Shayne Kavanaugh, Senior Manager of Research, Government Finance Officers Association
 - Email: skavanaugh@gfoa.org

Link to Slides: https://www.naco.org/sites/default/files/2024-08/2024KMF_FridayMorning_FinancialReporting.pdf

Perceived Value of Financial Reporting:

- A significant portion of the discussion centers on the perceived value of financial reports among GFOA members. While these members are responsible for preparing the reports, many express skepticisms about the actual value of these reports relative to the effort required to produce them.

Audience and Effectiveness:

- There is no clear consensus on who the primary audience for financial reports should be—whether it's the public, elected officials, or bond buyers. The perceived effectiveness of these reports in serving their audience is inversely related to their importance, with bond buyers feeling the best served, while the public feels the least served.

Challenges and Solutions:

- The GFOA is engaged in a long-term project to rethink financial reporting, recognizing that existing practices may not be fully aligned with current needs. A key aspect of this rethinking involves learning from entities that can complete their reports quickly and sharing these best practices.
- Another area of focus is reassessing what constitutes material information in financial reports. The GFOA is exploring the idea that financial officers may be overly conservative in their assessments, leading to unnecessarily detailed and labor-intensive reports.

Next-Gen Financial Reporting:

- The discussion highlights the potential of new technologies, including AI, to revolutionize financial reporting. The GFOA is partnering with leading AI labs to explore ways to make financial reports more accessible, relevant, and personalized.
- One initiative has already extracted data from financial reports with a high degree of accuracy, demonstrating the potential for AI to streamline the reporting process.

Long-Term Vision:

- The GFOA is also considering a fundamental overhaul of financial reporting, aiming to develop new models that better serve all stakeholders. This includes using AI and other technologies to

create more user-friendly and timely reports, potentially moving away from the traditional static PDF format to more dynamic, interactive formats.

Practical Implications and Risk Management:

- The discussion touches on practical implications, such as balancing the need for detailed financial reporting with the cost and effort required to produce it. There's also a focus on assessing and managing financial risks more effectively, with tools and methodologies borrowed from the insurance industry being suggested as models for local governments.

Resistance to Change:

- The conversation reveals some resistance to change, particularly around the mandatory use of Generally Accepted Accounting Principles (GAAP) in financial reporting. There is a growing movement to reconsider the relevance of GAAP in the public sector, with some officials advocating for the elimination of GAAP requirements, arguing that they are increasingly impractical and not aligned with the needs of government entities.

Part 1: State Policy Trends Challenging Major County Revenue Sources

- Riley Judd, Associate – Fiscal 50, The Pew Charitable Trusts
 - Email: rjudd@pewtrusts.org

Key Takeaway: *Coordination of advocacy solutions and messaging for addressing state-level challenges to county fiscal autonomy.*

Link to Slides: https://www.naco.org/sites/default/files/2024-08/2024KMF_FridayMorning_TaxReform_0.pdf

Property Tax Legislation:

- The discussion highlights recent trends in state legislation that impose limits on property tax increases. These limits come in various forms, such as assessment limits, rate limits, and levy limits.
- There's also an increasing trend towards property tax exemptions, particularly for specific groups like disabled veterans and long-term homeowners. While these exemptions provide targeted relief, they can impact the revenue base in counties with large populations of the exempted groups.

Significant State Reforms:

- States like Colorado and Kansas have passed sweeping tax reforms that include caps on property tax revenue growth, decoupling assessment rates, and abolishing state funds that previously supported local government revenue sharing. These changes are expected to lead to substantial revenue losses for counties.
- Nebraska has been debating similar reforms, with proposals to drastically cut property taxes and offset these cuts with increased sales taxes. Nebraska counties rely heavily on property taxes (~85%) and do not have local sales tax authority, so would need to ask state for funding.

Ballot Measures and Voter Initiatives:

- Several states have seen ballot measures that propose additional property tax exemptions and rate reductions. For example, Colorado has measures that could reduce property tax rates significantly and impose strict caps on revenue growth, which could result in massive revenue losses for local governments.
- These ballot initiatives are often driven by well-funded conservative groups that aim to reduce the tax burden, but they do not always consider the long-term impact on local government services.

Broader Fiscal Challenges:

- Beyond property taxes, other state policies also threaten county revenues. For example, Arizona has banned local governments from imposing rental taxes, and Virginia's governor vetoed a bill that would have allowed local sales taxes for school construction.
- The broader trend of state tax cuts, particularly in income, sales, and corporate taxes, has created uncertainty over the sustainability of state budgets, which may lead to reduced state aid, increased local funding responsibilities, and more unfunded mandates.

Implications and Messaging:

- The discussion emphasizes the importance of counties effectively communicating the consequences of these tax policies to the public. Many voters do not fully understand how property taxes fund local services, leading to widespread support for tax cuts that could undermine essential services.
- Overall, there is property tax fatigue, so defeating one bill will help us win one battle, but not win the war. Easy target for the state, since property taxes generally don't impact state budgets.
- The Texas and Georgia associations have several videos explaining property taxes and the services counties provide with them, in an attempt to alter the conversation.
- In Tennessee, TCSA fought off a property tax cap. Opposition groups critiqued state legislators, saying they were for "unlimited taxes". TCSA replied that they are for local control, and pointed out that most local officials support low taxes.

Political Dynamics:

- The complexity of the issues is compounded by the disconnect between state-level decision-makers and the local governments that must manage the consequences of these policies.

Part 2: Rethinking Property Taxes and County Revenue

- Shayne Kavanaugh, Senior Manager of Research, Government Finance Officers Association
 - Email: skavanagh@gfoa.org

Key Takeaway: *Policy solutions for responding to political challenges to property taxes and ideas for alternate county revenue sources to explore in your particular state.*

Link to Slides: https://www.naco.org/sites/default/files/2024-08/2024KMF_FridayMorning_TaxReform_0.pdf

Communication and Public Perception:

- A major theme in the discussion is the need for better communication about property taxes to the public. There's an emphasis on creating mental models that help taxpayers understand the value and purpose of property taxes. For example, comparing pension debt to credit card debt as a way to explain the impact of unfunded liabilities.

Challenges in Property Tax Assessment:

- The discussion highlights the common issues with property tax assessments, such as the lag between assessments leading to large, unexpected tax increases, which can trigger taxpayer unhappiness. There is also the problem of inaccurate assessments disproportionately impacting lower-income properties, while higher-value properties may be under-assessed.

Innovative Solutions and Technology:

- The discussion points to the use of modern data science and machine learning as solutions to improve property tax assessments. **Maricopa County (Ariz.)** is a good example – leveraging technology instead of labor, they now perform annual assessments. **Cook County (Ill.)** has also made good progress by improving its modeling (rather than increasing fieldwork).

Optimizing Property Taxes:

- The conversation touches on the need to optimize existing property tax systems rather than simply raising taxes. Ideas include shortening the time between assessments to avoid large increases and using responsive rate setting to maintain stable tax burdens. There's also a suggestion to issue monthly tax statements, which could help taxpayers manage their payments more smoothly and reduce the perception of large, one-time burdens.
- In California, CSAC created a for-profit property tax system that collects monthly payments, then sends the money to the county twice/year (for those without mortgages). They may even be able to start paying counties early. Essentially, they set up escrow accounts for homeowners without a mortgage.

Equity and Fairness:

- There is discussion of fairness in property tax assessments, particularly how current systems often lead to disproportionate tax burdens on lower-income households.

Public Engagement and Transparency:

- There's a strong push for greater transparency and public engagement in how property taxes are communicated and administered. Ideas such as providing detailed property tax receipts that show exactly what services are funded by these taxes could help taxpayers see the direct benefits of their contributions.
- The **City of Shakopee (Minn.)** provides property tax receipts to residents which break down the services these tax revenues support. **Anoka County (Minn.)** also has a good property tax information video.

Legislative and Policy Considerations:

- Finally, the discussion touches on the broader legislative and policy environment, acknowledging the challenges counties face in navigating state laws that might limit their ability to innovate in property tax administration. There is a call for counties to advocate for changes that would allow more flexibility in managing and optimizing property taxes.

Additional Resources:

- How to communicate numbers to non-numbers people:
<https://www.gfoa.org/materials/fiscalfluency>
- Profile of City of Arlington's Win in the Fiscal Fluency Challenge:
<https://www.gfoa.org/materials/city-of-arlington-wins-fiscal-fluency-challenge>
- Mental model makeover challenge, including paper that describes what mental modes are
<https://www.gfoa.org/mental-model-challenge>
- Legal financing materials
<https://www.gfoa.org/materials/legal-financing>

Follow up opportunities from GFOA that Shayne mentioned:

1. A jointly sponsored contest to design the optimal property tax bill
2. Interviews of elected officials (saw that email – will respond shortly)
3. Encourage people to submit to the mental model challenge for property taxes
4. Would appreciate thoughts the [Assessment Innovation Lab](#) concept (see link)

Social Media and Other Litigations and Their Importance for County Governments

- David Connor, Executive Director, Tennessee County Services Association (moderator)
 - Email: tcsa.connor@tncounties.org
- Shayna Sacks, Partner, Napoli Shkolnik PLLC
 - Email: SSacks@NapoliLaw.com

Key Takeaway: Awareness of trends and conversations related to social media and other litigations which are happening at the local government level across different states, plus any potential opportunities for new county revenue sources.

****Part 1: Overview and Introduction****

- During the closing session of the two-day discussion forum, the focus shifted to the increasingly critical role of social media and other forms of litigation and their implications for county governments.
 - **Litigation as a Tool for Counties:** When legislative action falls short, litigation can serve as an alternative or complement to address the negligence and wrongdoing of corporations, which often impose ongoing costs on state and local governments.
- Attendees discussed the complexities and nuances of public client litigation, including the unique legal challenges that public entities face.

****Part 2: Legal Perspectives and Ongoing Litigation ****

- The presentation delved deeper into the legal actions being taken against social media companies. The presenter clarified that these cases are not class actions but mass tort actions. This distinction is important because, in a class action, a single case's outcome applies to all plaintiffs, while in mass tort actions, each plaintiff files their own case, allowing for individual settlements and outcomes.
- The speaker also highlighted that the litigation against social media companies mirrors some aspects of the opioid litigation, focusing on the negligence of these corporations in the design and operation of their platforms. The lawsuits argue that these companies knowingly exploited psychological vulnerabilities, particularly in children, to increase engagement on their platforms. This exploitation, according to the litigation, has led to a public health crisis, much like the opioid epidemic.
- The presentation then covered the specific allegations against the social media companies, including:
 - **Failure to Provide Effective Parental Controls:** The companies did not implement adequate tools for parents to monitor and restrict their children's use of social media, contributing to excessive screen time and exposure to harmful content.
 - **Failure to Implement Age Verification:** A significant lack of robust age verification processes allows minors easy access to platforms not intended for their age group.
 - **Negligence in Addressing Predatory Accounts:** Social media platforms have been criticized for not effectively managing and removing predatory accounts that target minors.

- Design Defects: The platforms are accused of being inherently addictive, with their algorithms designed to maximize user engagement, often at the expense of mental health.
- The discussion also touched on the broader implications of these lawsuits. The speaker explained that while children are a primary litigation focus due to their vulnerability, legal actions could lead to systemic changes that benefit all users. However, proving negligence and securing a favorable outcome requires substantial evidence and legal expertise.
- School districts have been active in filing lawsuits, citing the detrimental impact of social media on students' mental health and the associated costs, such as the need for increased mental health services and disciplinary actions related to social media use. The speaker provided statistics showing that many schools lack sufficient mental health professionals to address the growing needs of their students, exacerbating the problem.
- As the litigation progresses, the speaker mentioned that the cases are currently in the discovery phase, where evidence is gathered and motions are filed. A significant victory was noted in 2023 when the court denied a motion to dismiss the cases, allowing the litigation to proceed. This win was seen as a crucial step in holding social media companies accountable for their actions.
- There was also discussion of the financial implications for county governments involved in the litigation. The speaker reassured attendees that the legal fees are typically covered on a contingency basis, meaning that governments do not bear the financial burden unless the case is successful. This arrangement makes it more feasible for counties and other governmental entities to participate in these complex and resource-intensive lawsuits.
- There was also discussion on the potential outcomes of the litigation. While a complete overhaul of social media platforms may be unlikely, significant changes could be mandated, particularly regarding how these platforms interact with younger users.
- The speaker encouraged attendees to think creatively about how these cases could benefit their communities, not just in terms of financial settlements but also in fostering a safer online environment for all users.

****Part 3: Broader Implications and Coordinating Efforts****

- In the third part of the presentation, the discussion expanded to cover the broader implications of social media litigation and how it fits within a larger landscape of legal actions against corporate negligence. The speaker emphasized that while focusing on children is a strong argument in these cases, the legal actions are not limited to youth-related issues. The impact of social media on adults and the broader community is also significant, and these cases could set important precedents for holding tech companies accountable.
- The speaker drew comparisons between the current social media litigation and past large-scale lawsuits, such as those involving the tobacco industry and opioids. In these cases, the only way to successfully challenge massive corporations was through coordinated efforts involving multiple plaintiffs across different jurisdictions. The speaker noted that this strategy is also employed in social media litigation, where cases are consolidated into multi-district litigation (MDL) to streamline the process and increase the chances of a successful outcome.

- The conversation then shifted to the practicalities of participating in such large-scale litigation.
 - An attendee inquired about the role of local governments in scaling up these efforts. The speaker responded by explaining the importance of pooling financial and legal resources to combat the well-funded defense teams of social media companies. While the litigation is primarily funded through contingency arrangements, where law firms bear the upfront costs, there is also a potential role for local governments to contribute strategically, especially if they wish to position themselves as key plaintiffs in the case.
 - This led to a discussion about the financial dynamics of such litigation. The speaker acknowledged that while pooling resources and coordinating efforts can lead to better outcomes, contributing resources should be carefully considered. The potential rewards, such as significant settlements or changes in social media practices, need to be weighed against the inherent litigation risks.
- The speaker also touched on the concept of "bellwether" trials within the MDL framework. These trials serve as test cases to set the tone for broader settlements. Governments that choose to be bellwether plaintiffs could see larger returns but also bear the responsibility of being at the forefront of the litigation.
- A participant raised a question about the role of legal financing, which is akin to venture capital for lawsuits. The speaker confirmed this is an option, especially in large-scale, high-stakes litigation. Legal financing can provide the necessary resources to sustain long, drawn-out legal battles but also involves complexities and considerations.
- As the session continued, the speaker provided insights into the coordination between different types of litigation that counties might be involved in, such as those related to opioids, environmental issues, and social media. The speaker stressed the importance of a unified approach, where efforts in one area of litigation can complement and strengthen others.
- Finally, the speaker emphasized the significance of these lawsuits beyond just financial compensation.
 - The broader goal is to push for systemic changes that can create a safer and more responsible digital environment. The speaker encouraged attendees to think beyond immediate financial settlements and consider the long-term impact of these cases on public policy and community well-being.
- The session concluded with a reminder that while the litigation is complex and challenging, it offers a unique opportunity for counties and other governmental entities to take a stand against corporate practices with widespread social consequences.

****Summary****

- The final presentation of the two-day forum focused on social media's significant impact on mental health, particularly among youth, and the ongoing litigation against social media companies.
- The discussion opened by highlighting how the rapid adoption of smartphones and social media platforms has led to a rise in mental health issues, such as anxiety, depression, and cyberbullying, due to the addictive nature of these platforms.

- The speaker compared the current litigation to previous large-scale cases, such as those against the tobacco and opioid industries, emphasizing the importance of coordinated legal efforts to hold these powerful corporations accountable.
- The litigation, pursued through mass tort actions, argues that social media companies have exploited the psychological vulnerabilities of young users, leading to a public health crisis.
- The session also explored the practicalities of participating in such litigation, including the financial dynamics, the role of local governments, and the potential for systemic changes that could result from these cases.
- Throughout the discussion, a consensus emerged on the changing dynamics of legal strategies for county governments, sparked by the advent of social media and the evolving litigation landscape.
- The presentation and subsequent discussion highlighted the nuanced relationship between investment in legal battles and the anticipated outcomes for counties.
- A key takeaway was the delicate balance between aggressively pursuing legal victories and adhering to ethical standards.
- The discussion concluded on the note that while litigation offers counties a pathway to assert their rights and interests, it requires careful consideration of strategy, investment, and ethical implications.
- Overall, the presentation underscored the broader implications of the litigation, not just regarding financial settlements but also in pushing for a safer and more responsible digital environment.

****Overview of litigations highlighted in presentation and key terms****

- **Social Media Litigation:** This litigation targets companies like Meta, Google, Snap, and TikTok for designing platforms that exploit the psychology of minors, leading to addictive behavior and mental health crises. The litigation is currently in the discovery stage, with allegations including the failure to provide parental controls, age verification, and proper reporting protocols.
- **Opioids Litigation:** Highlights the deceptive practices of opioid manufacturers and distributors, with ongoing settlements bringing funds to affected communities.
- **Pharmaceutical Pricing Schemes:** This discusses the collusion in generic drug pricing and the insulin market, which leads to exorbitant costs for essential medications.
- **Environmental Litigation (AFFF):** Concerns widespread water contamination from PFAS chemicals, with ongoing settlements for affected communities.
- **Current Major Litigations:**
 - **Opioid Litigation (MDL 2804):** Targeting manufacturers, distributors, and pharmacies involved in the opioid crisis.
 - **Insulin Pricing Litigation (MDL 3080):** Addressing price fixing and anticompetitive practices in insulin pricing.
 - **Generic Pharmaceuticals Antitrust Litigation (MDL 2724):** Involving collusion and price-fixing among generic drug manufacturers.

- Aqueous Film-Forming Foam (AFFF) Product Liability Litigation (MDL 2873): Related to water contamination from PFAS chemicals.
- Social Media Adolescent Addiction/Personal Injury Products Liability Litigation (MDL 3047): Focused on the harmful effects of social media on youth, including addiction and mental health issues.

Closing Discussion, Other Top Issues and Next Steps

- Eric Bryson, Executive Director, Montana Association of Counties (moderator)

Key Takeaway: *Next steps for taking the information discussed back to our home states, plus ideas for future Knowledge Management Forums*

Notes on Format:

- Let's try and get out by 2-3pm, instead of sit with presentations and discussion all day. Let's also scale back the number of presentations and make sure we have more time for discussion.
- Approximately 40 attendees is the ideal number of participants. We were a little light this year, so it would be good to promote the event more, but not too much.

Notes on Topics:

- An idea was mentioned to gather data ahead of time from participants so we can pull out similar groups of states. We can also ask what people are doing around each topic ahead of time. Maybe we can include participant bios.
- We should consider artificial intelligence as a topic for next year – specifically: “How are counties using AI?” It would be good to hear from a nongovernment entity, though, since government is so far behind. We can check NACo's vendor list for AI consultants.



660 North Capitol Street, N.W.
Suite 400 • Washington, D.C. 20001
202.393.6226 • www.NACo.org

[FB.COM/NACoDC](https://www.facebook.com/NACoDC) 

[TWITTER.COM/NACoTWEETS](https://twitter.com/NACoTWEETS) 

[YOUTUBE.COM/NACoVIDEO](https://www.youtube.com/NACoVIDEO) 

[WWW.NACo.ORG/LINKEDIN](https://www.linkedin.com/company/naco) 