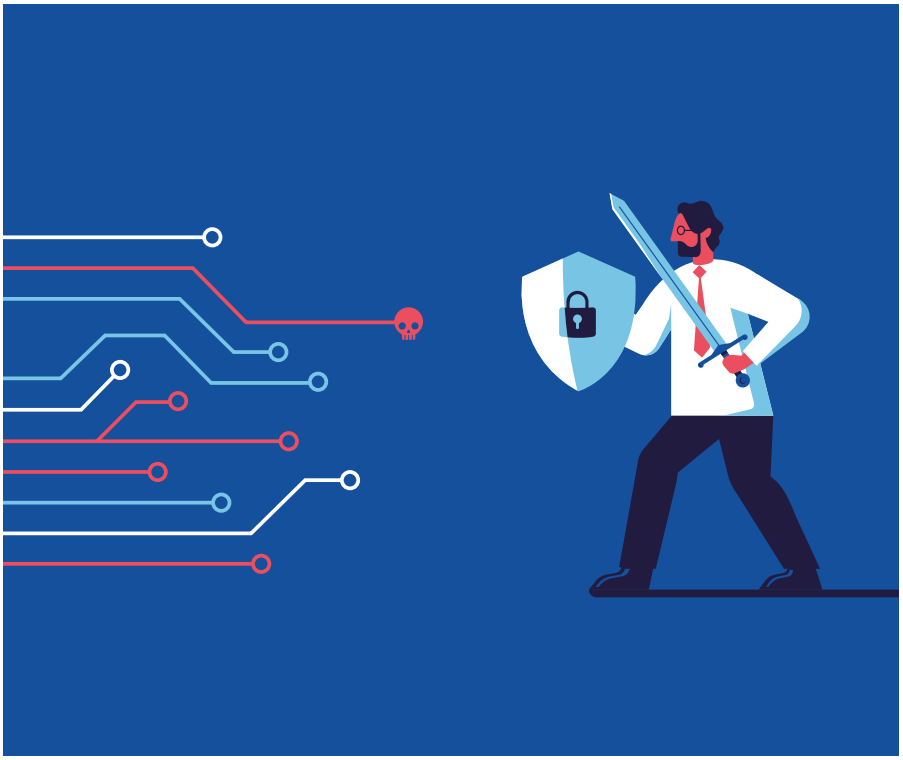


PERSPECTIVE

Fighting Cyber Attacks in Local Governments

BY KATHERINE BARRETT AND RICHARD GREENE

In the evolving world of cybersecurity, a host of new concerns and funding challenges are emerging. Artificial intelligence (AI) has given cybercriminals a powerful new tool—for example, the ability to make phone calls with voice impersonations of government leaders. But with these threats comes an expansion of state, local, and regional government collaboration.

The 2026 NASCIO-Deloitte Cybersecurity Study includes a survey of chief information security officers (CISOs) that highlights rising cyber-attack challenges—at a time of decreasing resources. The survey includes an unsettling update to the list of threats that state and local governments face. While knowledge and attention to precautions are rising, 65 percent of state CISOs voiced concerns about the increased sophistication of attacks, compared with 29 percent in 2022.

At GFOA's 2026 annual conference, Steffanie Dorn, deputy county manager of finance in Greenwood County, South Carolina, emphasized that the trauma of a successful attack affects everyone in government. It damages productivity, diminishes residents' trust, and introduces a host of managerial complications if government computers are temporarily disabled.

The issue goes far deeper than just IT staffers, as employees throughout government need ongoing training to reduce the risk that they'll enable a cyber attack by clicking on a dangerous link that can lead to exposure of private information or activate a virus. Departments must also be wary of easy access to internal administrative systems where private information can be compromised. This goes beyond concerns about providing unnecessary access to current employees, but to former workers whose passwords have not been deactivated—a common finding in state and local audit reports.

Growing concerns

While AI offers new tools for governments to use in dealing with cybersecurity, it also provides a powerful tool that works against government interests. AI enables attacks that are larger in scope and harder to detect than before. AI also changes the risk level for small governments, making it easier to scale a cyber-attack to many governments simultaneously.

At the same time, costs are rising, and budget worries are escalating. In 2022, 25 percent of state CISOs said the lack of a sufficient budget was a barrier that their states face in addressing cybersecurity challenges. That rose to 35 percent in 2024 and to 59 percent in 2026.

Worries also stem from federal funding cuts and uncertainty about future funding. One factor is a federal drop in cyber staff following DOGE cutbacks in 2025. Another is the 2025 move to fee-based membership for the Multi-State Information Sharing and Analysis Center (MS-ISAC), which was no longer receiving subsidies from the federal government. This member-guided organization works with "U.S. state, local, Tribal, and territorial (SLTT) government organizations" to provide "actionable threat intelligence and services ... to protect mission-critical systems."

That additional fee is particularly painful to small, under-resourced governments. If a small government doesn't pay the fee, reactive help may still be available, "but if you're not a paid member, it's very likely that you're not getting the daily updates and that kind of constant monitoring," said John Matelski, chief information officer (CIO) at the National Association of Counties.

The percent of CISOs who said they were "not very confident" or "not confident at all" rose from 35 percent to 63 percent between 2022 and 2026 when asked about the protection of information assets from cyberthreats "within local government and public higher education," according to the NASCIO-Deloitte survey.

State and local cybersecurity grant success and future prospects

One way governments are addressing this problem is through greater regional collaboration. As localities share more information with one another, more entities are teaming up to fight cyberattacks, according to Matelski.

The focus on regional resources emerges both from increased attention from the Cybersecurity and Infrastructure Security Agency and from MS-ISAC, which is run by the nonprofit Center for Internet Security. The State and Local Cybersecurity Grant Program, which was launched under the 2021 Infrastructure Act, also helped encourage states to work actively with local governments through grant funding focused on the development of greater local cybersecurity capacity.

That $1 billion four-year initiative has been administered by states with the provision that 80 percent of the money would go to local governments, either through direct sub-grants to local applicants or the provision of services by the state itself.

While funds are still available through September 2026, the program's continued existence is uncertain, along with critical details such as the length of duration, amount of funding, and potential changes in process or goals. In November 2025, the U.S. House of Representatives signaled its desire to keep the program going by a voice vote, but a Senate decision remained in committee at the beginning of July 2026.

According to the NASCIO-Deloitte survey, about a fifth of states have been moving toward a "whole-of-state approach" to cybersecurity, with a "growing interest in centralized state support for the cybersecurity efforts of local governments, public education and critical infrastructure."

New Hampshire is a good example of how a state with many small and often under-resourced towns and cities used the grant money to provide services that meet governments "where they are" in terms of their needs, reported long-time CIO Denis Goulet, commissioner of the New Hampshire Department of Information Technology. That approach, he said, has been more efficient than doling out the nearly $15 million in grants the state received over four years to individual local applicants.

Through a contract with a New Hampshire nonprofit called Overwatch Foundation, the state has offered what it calls four "In a Box" programs. One has the goal of moving towns and cities to the use of a ".gov" domain name, which offers greater security through umbrella protections that come from both the federal government and the state. Another is focused on protections for K-12 schools, and the other two are aimed at drinking and wastewater systems.

Building relationships

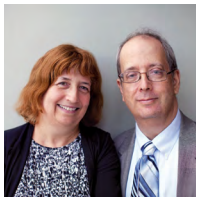
One of the key points Goulet made is the importance of building relationships. As the state CIO with the second longest tenure, he was already seeking grants from the U.S. Department of Homeland Security through the New Hampshire Department of Public Safety several years before the pandemic. At the time, he joined the department's grant committee, and later, he said, New Hampshire became the first state to receive an SLCGP grant, which Homeland Security administered along with FEMA. "It wasn't an accident that we had the relationship. Relationships require building. We work to build them," he said.

While sufficient funding is absolutely needed to fight cybercrime, political and managerial leadership is also crucial. In Arapahoe County, Colorado, CISO Nikki Rosecrans describes herself as "very extroverted" and believes that's a major advantage in her job.

Colorado also has focused on the needs of local governments, and Rosecrans is an active participant in the monthly cybersecurity meetings hosted by the Secretary of State's Office and the Colorado Office of Information Technology. "Those are a crucial key to being able to exchange and share information," she said, adding that she is also involved in the Colorado Government Association of Information Technology and the Colorado Security Group, which is made up of members from both the private sector and government.

About a year ago, Rosecrans also started forming the Arapahoe County Cybersecurity Consortium, inviting cities within the county to participate in a quarterly information exchange. This has led to a new intergovernmental agreement between the county's seven cities, which was signed by the Board of County Commissioners on June 29, 2026. That will mean participating in joint planning, response exercises, and the sharing of training and cybersecurity resources.

"We're all faced with limited resources," Rosecrans said. "We recognize the need to be able to lean on each other. Our sister cities are just as important to Arapahoe County as we are to them."



Katherine Barrett *and* ***Richard Greene*** *are principals of Barrett and Greene, Inc.*

Delayed Gratification

Choosing the Long View

BY GAYATRI SREERAM, AIDAN KEEFE, EVELYN XING, AND SHAYNE KAVANAGH

Delayed gratification is the ability to resist an immediate smaller reward in favor of a larger, more valuable reward in the future. Anyone who has ever skipped the gym because the couch was more comfortable or spent money on something impulsive and regretted it the next day understands this tension intuitively.

Delayed gratification is not an abstract concept; it shows up in the smallest daily decisions. Research suggests that the way we consistently navigate it shapes outcomes over time. One study found that self-control was a stronger predictor of academic outcomes than IQ[1], which suggests that the ability to delay gratification is not just a personality trait but a measurable driver of long-term success. While pursuing immediate gratification can lead to regret, the ability to resist is indicative of discipline.

For finance professionals, delayed gratification translates to a lower discount rate. When individuals or institutions default to immediate rewards, they are implicitly applying a high internal discount rate—overvaluing what is available now and undervaluing what is available later. Psychologist Daniel Kahneman identified two modes of thinking that drive human decision making. System 1 is fast, automatic, and emotionally driven. It is the part of the brain that reaches for immediate reward without much deliberation. System 2 is slower, more logical, and deliberate. It is the part that weighs long-term consequences before acting. In everyday terms, System 1 is what makes you hit snooze; System 2 is what reminds you why you set the alarm. When it comes to financial decisions, System 1 pushes us toward near-term payoffs, while System 2 would select a lower discount rate and a better long-term outcome. The tension between the two is the tension between impulse and discipline.

This dynamic plays out directly in public finance. One of the most common and costly examples is funding recurring expenditures with non-recurring revenues. Solving a budget gap and hiring new firefighters, police officers, or parks staff with one-time funds feels like the right call in the moment. But the ongoing salary obligation doesn't disappear; it simply becomes next year's structural problem. Similarly, deferred maintenance is also a common example of immediate gratification in public finance. When budgets get tight, postponing repairs on roads, buildings, or equipment feels like the practical short-term solution. But the cost does not disappear. It accumulates, and what would have been a manageable repair becomes a far more expensive replacement down the line. The job of the finance professional in this context is to design budget processes that create the time and space for System 2 thinking to do its work, so the rational long-term choice becomes the default, not the exception.

How can we apply this to our own contexts? Via a simple framework rather than prescribing specific actions. The first step is to identify the issue. What is the immediate reward your organization keeps defaulting to? Perhaps you tend to, for example, defer a capital maintenance fund because budget is tight in a given year. Name the pattern first.

Then identify why the delayed reward matters. Articulate the long-term goal that immediate rewards are hindering. Research shows that people who can vividly picture future rewards wait longer for them to manifest. The key to making this system sustainable and effective is building in one structural constraint. The commitment device doesn't have to be complicated. It could be an automatic transfer, a policy rule, a reserve threshold, or a pre-committed budget line. For example, a government that routinely defers capital maintenance during tight budget years can enforce a policy requiring a minimum annual deposit into a dedicated maintenance reserve. The constraint doesn't have to be permanent; it just ensures the decision gets made in advance, before budget season pressure sets in. The point is that it removes the decision from the moment of temptation to act instantly.

These strategies are not one-size-fits-all; they need to be tailored to suit whatever situation you find yourself in. It can lead to a different system as well, but the aim is to give you the knowledge to make you start thinking about the issue in your own context. The goal is not perfect willpower—the goal is a system that makes the right choice the easy one.

***Gayatri Sreeram**, **Aidan Keefe**, and **Evelyn Xing** are public finance interns at GFOR. **Shayne Kavanagh** is GFOA's senior manager of research.*

[1] Angela L. Duckworth and Martin E.P. Seligman, "Self-Discipline Outdoes IQ in Predicting Academic Performance of Adolescents," Psychological Science, 2005.