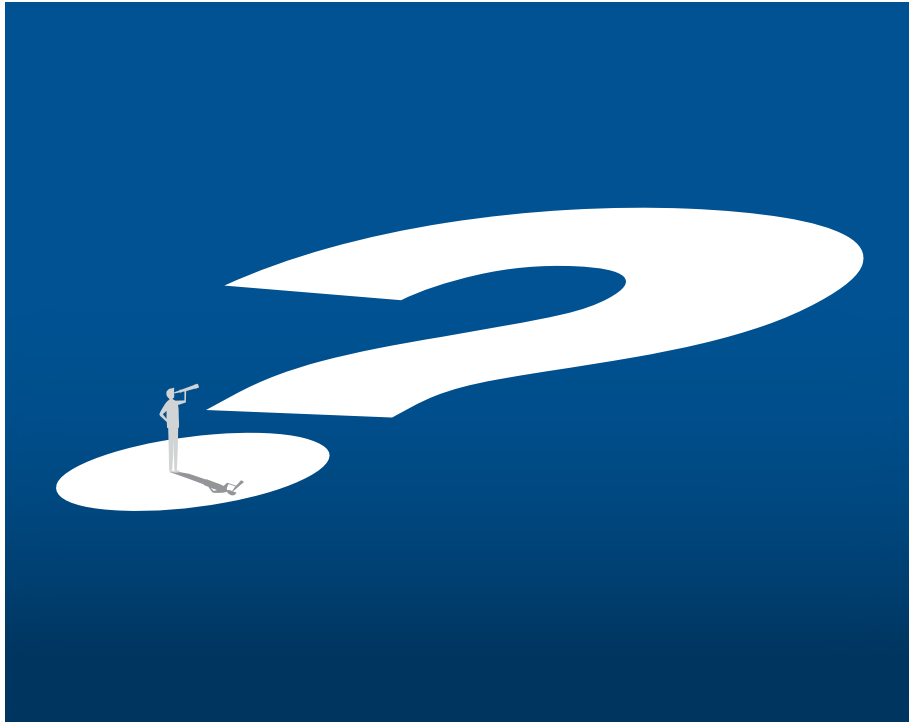


In Brief



PUBLIC FINANCE

GFOA Announces the GovFi Prize

GFOA and the *Public Finance Journal* are thrilled to announce funding for answering long-standing public finance questions. The GovFi Prize makes resources available to support, recognize, and reward academic writing in public finance that addresses *seven specific questions*.

If your proposal is selected, you'll be eligible for a contract award that provides up to \$500 in compensation for the work done for GFOA. Finalists will also be eligible for contract options that could include additional funding up to \$8,000.

GovFi Prize Round 2: Seven Questions

QUESTION 1

Is the 80-20 rule operative for financial analysts' use of financial reports?

Contract amount: Up to \$8,000

The 80-20 rule says that 80 percent of outcomes result from 20 percent of all causes. Applied to financial reporting, this could mean that some fraction of the information contained in the financial report satisfies

the vast majority of the questions professional analysts (for example, those who perform analysis as/for bond market participants) have about a local government.

GFOA wants to know: what are the most common questions professional analysts have about local governments, and what information are they most commonly using from financial reports? We also want to know the extent to which the most commonly used information satisfies the total informational needs of financial analysts. Or, put another way, what percentage of the outcome (financial analysis complete) results from the most commonly used information?

QUESTION 2

What is the cost of compliance with GAAP accounting and reporting standards?

Contract amount: Up to \$8,000

Generally accepted accounting standards (GAAP) often require governments to collect, prepare, and report information that they otherwise would not collect, prepare, or report. It adds a new or marginal cost to finance administration that would otherwise not exist.

GFOA wants to know: what is the marginal cost of complying with new reporting standards, including staff time, consulting time, software, and any other relevant costs? We are interested in total costs, including staff time, software upgrades, and consultant support, after the standard is "live." We are also interested in seeing data from a random selection of governments, or at least data that is reasonably representative of the range of capabilities local governments have to implement new standards.

QUESTION 3

Do financial reports impact policy making?

Contract amount: Up to \$8,000

Elected officials need to know about the financial condition of their governments.

GFOA wants to know: what information about public finances gives elected officials the most confidence that they are succeeding in their role of stewards of public finances? What do elected officials want to know about local government finance? How do they define accountability for the use of public funds?

QUESTION 4

How can the processes for intergovernmental countercyclical fiscal aid be improved?

Contract amount: Up to \$8,000

Experience from the COVID-era fiscal policies has called into question presumptions about the effectiveness of intergovernmental fiscal aid. The traditional federal system for injecting countercyclical fiscal stimulus into the economy has typically been hindered by the “policy-implementation lag.” Process delays arguably impair the macro-economic efficacy of the intergovernmental aid system. Some states cut taxes after receiving federal funds, often with unintended consequences in later years. Significant funds were expended after a cyclical economic recovery had already taken hold, which arguably helped fuel inflation. The time-consuming process—of securing Congressional approval, adopting functional federal regulations for program administration, soliciting and reviewing funding applications, and awarding third-party construction bids—warrants a timely top-to-bottom re-examination for potential improvements.

GFOA wants to know: in cases where the federal government provides direct aid to local governments,

what can realistically be done at the congressional and federal regulatory levels to expedite countercyclical aid and produce better macroeconomic results? Is a federal “maintenance of taxing effort” by states appropriate? Should state and local “rainy day” funds play a larger, even mandatory, role? Could artificial intelligence expedite the application processes? What might be a preferable back-end process to date specific offerings to more quickly discontinue federal aid when the economy is recovering? At which level(s) of government would specific changes in process improve the macroeconomic benefits of public-sector countercyclical fiscal policies?

QUESTION 5

How can the profession make long-term financial planning more common?

Contract amount: Up to \$8,000

GFOA recommends that all governments prepare and maintain a long-term financial plan (LTFP) that projects revenues, expenses, financial position, and external factors for all key funds and government operations at least five years into the future. According to GFOA surveys, however, only 40 percent of governments currently prepare a LTFP.

GFOA wants to know: what are the barriers to governments in using a LTFP? What measurable differences are present for those governments that utilize the tool versus those that do not (ratings, audit findings, external recognitions)? And, most importantly, what could be done, outside of legal mandates, to induce a change in strategy and financial planning to convince more governments to develop and use an LTFP?

QUESTION 6

What is good financial reporting worth?

Contract amount: Up to \$8,000

Governments develop reports and data to better understand and evaluate the operations and impact of their work. This

data can take many forms and include many different metrics. Some of the reports produced by government are required by mandates, either internal or external, contained in laws, bond covenants, ordinances, legal rulings, or policies. Good financial reporting is a management or legal tool, but what is the monetary value of good financial reporting? For the purpose of this question, GFOA would like to focus on annual reporting.

GFOA wants to know: what is the true benefit to government in good annual financial reporting? Where is the measurable return on annual reporting to governments that don't issue debt? When a government issues debt, is there a demonstrable difference in rates, fees, or number of bids based on the quality of annual reports? What is the incentive for governments to complete good annual financial reporting beyond the legal compulsion to do so? When financial reports are used by investors in municipal debt to measure and manage their risk, who benefits more from good financial reporting, the government completing the reports or investors?

QUESTION 7

Resiliency

Contract amount: Up to \$8,000

Resiliency in infrastructure is a topic of conversation, but without consensus. Governments understand that something needs to be done to marry existing and new infrastructure to provide better outcomes for taxpayers, but it is unclear who should set or fund this agenda.

GFOA wants to know: what percentage of infrastructure at all levels of government must be used as part of the adaptation plan versus being replaced? What is the right level of government to set resiliency standards and agenda for governments? How should capital planning evolve to accommodate resiliency as a key component of capital improvement plans? What should governments be ready to disclose and report on relative to resiliency for private financial markets?

HOW TO APPLY

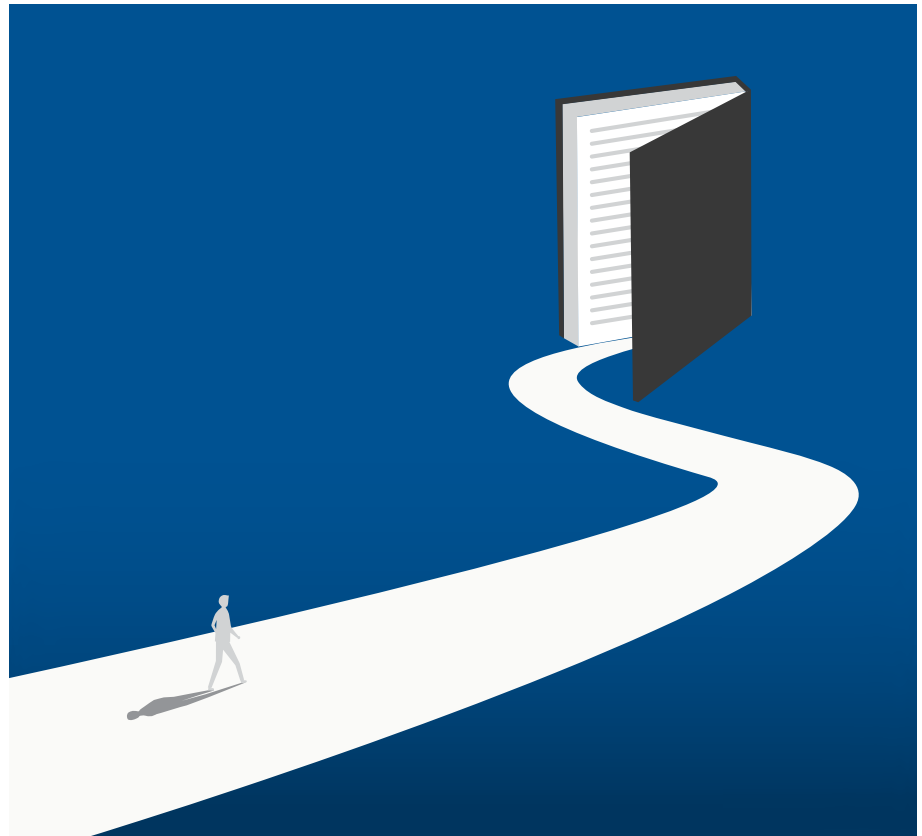
To earn the \$500 in funding, individuals must apply and enter into a contract with GFOA for production of a journal article for *PFJ* and supply your data complying with open research standards allowing for replication. If more than one submission is published in *PFJ*, the *PFJ* oversight committee will select a subset of individuals who will be eligible for the additional contract award of up to \$8,000. Any articles submitted that are moved through the *PFJ* editorial process will be published in *PFJ*. In fact, GFOA would prefer to publish articles from multiple researchers on the same question. Social science is hard and answers from research are rarely definitive, so having multiple perspectives on the same question is beneficial. GFOA may also publish summaries of the articles in its other mediums.

TIMELINE

1. Abstract proposals may be submitted on a rolling basis. Submission deadlines are February 1 and August 1 of each year.
2. Accepted abstracts will be notified of the possible \$500 research award(s).
3. The full paper is due to the co-editors for an initial review no more than six months after proposal submission.
4. If accepted for publication in *PFJ* (after completion of editorial review process), the final full award decision(s) will be made.


FIRST GOVFI PRIZE WINNERS ANNOUNCED

GFOA and the *Public Finance Journal* are proud to announce the first-ever recipients of contracts for the GovFi Prize. The program was established in 2024 to help answer questions that are of interest to GFOA and the field of government finance. These researchers are being recognized for their answer to the question, "What does the public really want to know about public finance?"



In the true spirit of the GovFi Prize and the *Public Finance Journal*, these two articles come from practitioners and academics. The recognized submissions are:

- GFOA members Kip Murray and Cathy Landry from the City of Bellevue, Washington, for their article, "What Does the Public Really Want to Know About Public Finance? It's Not Crystal Clear, but the Public Wants Profit!"
- Carolyn Abbott, Matthew Incantalupo, and Akheil Singla, professors from Baruch College, Yeshiva University, and Arizona State University, for their article, "Informing Voters About Public Finance: Evidence from a Survey Experiment."

Both articles are available in the *Public Finance Journal*, GFOA's open source online academic journal. 

SUBMIT YOUR PAPER

If you are interested in learning more about submitting for the GovFi Prize, visit gfoa.org/govfi-prize.



Public Finance Journal is a biannual journal publishing peer-reviewed research that examines and analyzes contemporary issues in budgeting and finance and explores the applicability of solution sets. The journal

is published by the Government Finance Officers Association and is a forum for discussion on significant issues related to the advancement of our scientific understanding.

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