

North Carolina
Office of the State Controller

What's Going On Out There?
May 18-19, 2022

Gerry Boaz, CPA, CGMA, CGFM, Jerry E. Durham, CPA, CGFM, CFE

Gerry Boaz, CPA, CGFM, CGMA

Gerry has been with the TN Comptroller of the Treasury, Division of State Audit, since January 1995. He was a Legislative State Auditor (LSA) for 5 years before becoming Technical Manager. As an LSA, he served as an audit in-charge for 3 of the 5 years primarily on college and university audits. As the Technical Manager, he is primarily responsible for monitoring GASB, FASB, AICPA, OMB, and GAO accounting, auditing, and compliance standards relating to financial statement and financial-related audits. He reviews financial statement audits for adherence to the above principles and standards, as well as to AICPA and GAO auditing standards. He responds to all due process documents of the above standard setters, as applicable. He serves as a representative of NASACT by observing and writing an account of the GASB meetings.

He was a member of the AICPA's Auditing Standards Board for a three-year term (1/2015-1/2018) and its Audit Issues Task Force (AITF). He has served and currently serves on various GASB, NASACT, GAO, and AICPA task forces and working groups. He represents State Audit on the NSAA's Single Audit Committee; Auditing Standards and Reporting Committee (ASRC); and Peer Review Committee. He has served as a Vice Chair for both the Single Audit and ASRC committees. He is also an active member in the AGA. He currently serves on the AGA National Governing Board (NGB) as AGA National President and on the AGA Financial Management Standards Board. He was the Nashville AGA Chapter President for the 2006-07 program year. He served on AGA's Professional Certification Board (PCB) for 7 years (2007-14) and as the Chair of the PCB for 4 of those years. He was also a member of AGA's National Executive Committee (now NGB) as a result of being the PCB Chair. He served on AGA's Governance Committee 7/1/2015—6/30/ 2019, and as Chair for the 2017-18 program year. He served as AGA's Southeast Regional Vice President (RVP) during the 2015-16 program year and as a result served on AGA's national Nominating Committee. He served as a member of the GFOA's Committee on Accounting, Auditing, and Financial Reporting (CAAFR) for two 3-year terms (2004-2009) and serves on the Special Review Committee for its certificate of achievement program. He is also a 2011 alumnus of the TN Government Executive Institute.

He has a BA degree in accounting with a German minor from Murray State University (MSU) in Murray, KY. He is a 1994 graduate of MSU. He is married to Melissa Boaz. He enjoys playing golf.

Jerry E. Durham, CPA, CGFM, CFE

- Jerry is an Assistant Director for the State of Tennessee, Comptroller of the Treasury, Division of Local Government Audit. The division has statutory responsibility for audits of approximately 1600 local governments and related organizations in Tennessee. Many of these governments are subject to the Single Audit Act and OMB's Uniform Guidance.
- A 38-year veteran of the division, Jerry has served as an auditor, audit supervisor, training instructor, technical manager, and assistant director. Jerry is a Certified Public Accountant (CPA), Certified Government Financial Manager (CGFM), and a Certified Fraud Examiner (CFE). In his role as assistant director, he is responsible for developing professional compliance procedures and monitoring the division's quality performance under GASB, AICPA, OMB, and GAO accounting and auditing standards. Jerry is responsible for responding to professional standards setters concerning public exposure documents and has testified before GASB on several occasions. Jerry is the person responsible for preparing peer review documentation for the Division and has participated in external peer reviews as a team member, team leader, and concurring reviewer. Jerry also has responsibility for supervising the contract review process within the division. Most recently, Jerry assisted the division in implementing GASB Statement 84.
- **Jerry was selected for the AGA National Educator award for 2019.** In addition, Jerry teaches the Yellow Book and Audit Findings training classes for the Tennessee Department of Audit. Jerry has been selected as Department of Audit Instructor of the Year four times.
- Jerry has made training presentations for numerous other professional organizations including the Tennessee Society of Certified Public Accountants; Mississippi Society of Certified Public Accountants, Missouri Society of Certified Public Accountants, Alabama Society of Certified Public Accountants, South Carolina Society of Certified Public Accountants, Tennessee Government Finance Officers Association; National Association of State Auditors, Comptrollers and Treasurers; Association of Government Accountants; County Technical Assistance Service; Southeastern Intergovernmental Audit Forums; Nashville Chapter of the Association of Certified Fraud Examiners; and various county official's associations. Jerry currently serves on GFOA's Committee on Accounting Auditing and Financial Reporting, NASACT's Financial Management and Intergovernmental Affairs Committee, and NSAA's Audit Standards and Reporting Committee and Single Audit Committee. He has served the National State Auditors Association External Peer Review program as a reviewer, team leader, and concurring reviewer and has served on the Special Review Committee for GFOA's Certificate of Achievement for Excellence in Financial Reporting program. Jerry has also provided training for the New York City Comptroller's Office and state auditors and administrative offices in Alaska, Arkansas, Idaho, Kentucky, Minnesota, Mississippi, North Dakota, South Dakota, Montana, West Virginia, South Carolina, and North Carolina. In addition to these duties, Jerry currently serves on the state's Interagency Cash Flow Committee which operates under the authority of the Tennessee State Funding Board.
- Jerry was a partner in the accounting firm of Crosthwaite Durham and Associates. He also served as controller for Rural Healthcare of America, Inc., and taught accounting as a member of the adjunct faculty for Columbia State Community College and Austin Peay State University.
- Jerry received his accounting degree from the University of Tennessee at Martin. He is a member of the American Institute of Certified Public Accountants (AICPA); the Association of Government Accountants (AGA) and the Nashville Chapter where he served as chair of the CGFM committee; the Government Finance Officers Association (GFOA) and the Tennessee Government Finance Officers Association (TGFOA) where he serves as state liaison to the Board of Directors; the Association of Certified Fraud Examiners (ACFE) and the Nashville Chapter of ACFE. Jerry is also a graduate from the Tennessee Government Executive Institute (TGEI) which is a training program for government leaders through the University of Tennessee.
- Jerry is married and has three children and five grandchildren.

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The Opinions expressed during these presentations are our own. They do not necessarily represent the views of the Tennessee Comptroller of the Treasury, his representatives, or the Tennessee Department of Audit.

Jerry & Gerry

What's Happening Out There?

Too Much!!

GAS Prices!!



A Season's Greetings sign at the Esso gas station stands before the confusion and chaos on one of Nashville main traffic arteries Dec. 24, 1962 because of the snow. The last white Christmas in Nashville was 27 years ago in 1935.
BILL PRESTON / THE TENNESSEAN

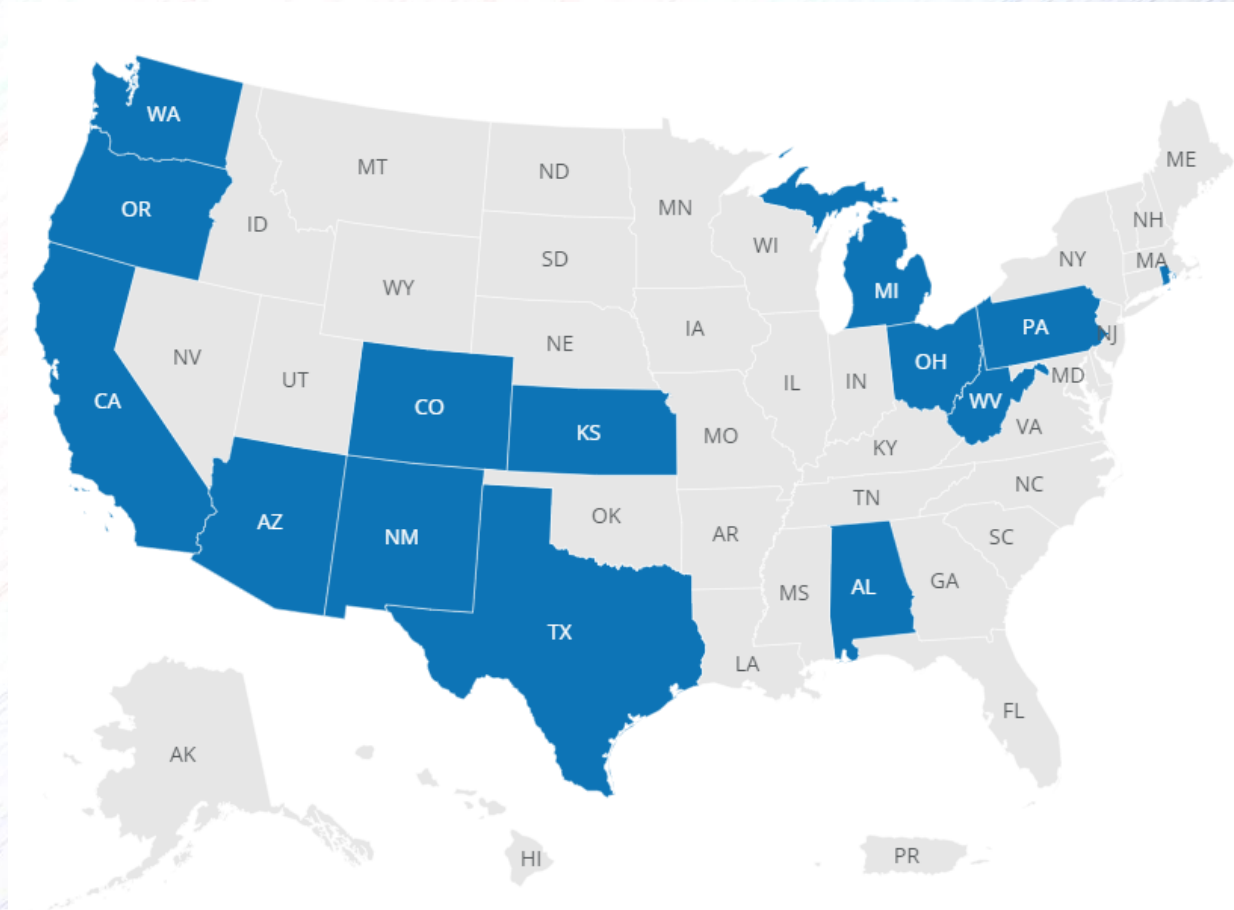


Sears is offering a saving of 2 cents per gallon of their gasoline at their auto service center next to their store on Lafayette Street in Nashville Aug. 5, 1964. Regular is at 29 cents per gallon.
JACK CORN / THE TENNESSEAN

War in Ukraine, NY Times, 3/31/22



Pandemic Response Accountability Committee (PRAC) - While the total amount of fraud is unknown, 14 states have reported estimates that total \$39 billion. See potential UI fraud by state on the map below and check back for updates as more states issue estimates.



How the CPA continuing education game is changing

By Ken Tysiac

May 20, 2019 Journal of Accountancy

- A recent experiment with advisory services personnel of a top-20 CPA firm provided a glimpse of what continuing professional development might look like in the not-too-distant future.
- A course on complex problem-solving, managing change, and soft skills was delivered **via virtual reality (VR)**. Instead of learning through a classroom lecture or a webcast, professionals wore VR headsets for a completely different educational experience.
- Clar Rosso, the executive vice president of Engagement & Learning Innovation for the Association of International Certified Professional Accountants, said the VR experience was well received by the learners, providing hope that CPAs will learn in a different way in the future.
- “While we haven’t figured out how to make VR learning experiences mainstream yet due to the large, somewhat pricey headsets, I believe in the next five years, VR experiences will be a mainstream CPD offering,” she said in an interview last week.

Jackson, TN Cryptocurrency

- <https://www.wbbjtv.com/2022/01/27/concerns-raised-about-paying-city-employees-in-cryptocurrency/> (click for TV story)
- California is going all in!

XBRL USA

- XBRL
- Florida is all in!

Most Important Event for Most!!

- Billionaire minimum tax!!



The New Normal?

The “Now” Normal?

Gerry Boaz

Jim Arnette

Winter Edition of *AGA Journal*



There are now a record 5 million more job openings than unemployed people in the U.S.

CNBC, 3/29/22

- An increasing number of Americans quit their jobs in February, while the gap between available positions and the unemployed grew even wider, the Bureau of Labor Statistics reported Tuesday.
- The [Job Openings and Labor Turnover Survey](#) showed that 4.35 million workers left in February, an increase of 94,000 from the previous month. It's also a slightly higher level as a percentage of the workforce, up to 2.9% from 2.8%.
- At the same time, there were 11.27 million openings in the month, down just slightly from January. However, with the total level of those counted as unemployed contracting further to 6.27 million, **that left a record 5 million more openings than available workers. There were 1.8 jobs for every person unemployed.**

There are now a record 5 million more job openings than unemployed people in the U.S.

CNBC, 3/29/22

- **Education and health services** had the highest level of job openings for the month, at 2.23 million, **followed by professional and business services** with 2.1 million, and **trade, transportation and utilities** with 1.86 million.
- The **quits** level was off its November 2021 high of 4.51 million, which amounted to 3% of the overall workforce. The highest level came in trade, transportation and utilities, at 1.06 million. **Leisure and hospitality, a critical proxy for the pandemic-era economic recovery, saw its quits rate unchanged at 5.6%.**
- The elevated level of quits is part of what some term the “**Great Resignation**,” in which workers have been able to leave their current positions for better opportunities.

The Great Resignation, Workhuman

- **What a difference a year makes.** In Workhuman's December 2019 survey, 92% of workers responded that they expected to be in their role for at least a year and 59% said they planned to be in their role for five or more years. **Now, 38% of workers plan to look for a job in the next 12 months.**



Lost Jobs?

States with declines of at least 10% in their state and local workforce include: Wisconsin (-12.3%), Massachusetts (-11.9%), Connecticut (-11.4%), South Dakota (-11.3%), Hawaii (-10.8%), Minnesota (-10.6%), Illinois (-10.5%), Maine (-10.5%) and Kentucky (-10.2%).

Route Fifty Magazine, 7/2020

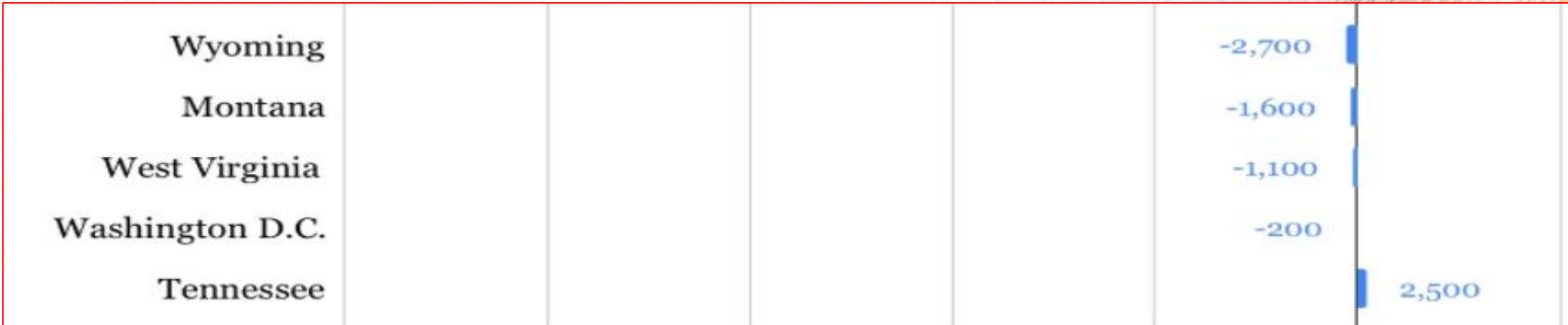
Lost Jobs?

The states with the greatest number of state and local public sector job losses, comparing June to February, were: California (-229,000), Texas (-112,100), New York (-80,400), Illinois (-79,100) and Ohio (-57,500).



Lost Jobs?

North Carolina = 39,800



Route Fifty Magazine, 7/2020

Jobs lost to Retirement

2 Million More Workers Than Expected Have Retired In The Pandemic

Based on pre-pandemic trends, more than 47 million workers age 55 or older were projected to be retired* as of this July. More than 49 million are actually retired.



Notes:

* For each month after February 2020, the projected retired population is calculated using a corresponding projected retirement rate among people who are 55 or older. These rates are linearly estimated using actual ones from January 2015 to February 2020.

Source: Current Population Survey data from the U.S. Census Bureau and Bureau of Labor Statistics. Extracted from IPUMS-CPS, University of Minnesota.

Credit: Data analysis by Owen Davis/Schwartz Center for Economic Policy Analysis. Graphic by Duy Nguyen/NPR.

66% of employers plan to address pay equity this year, survey finds

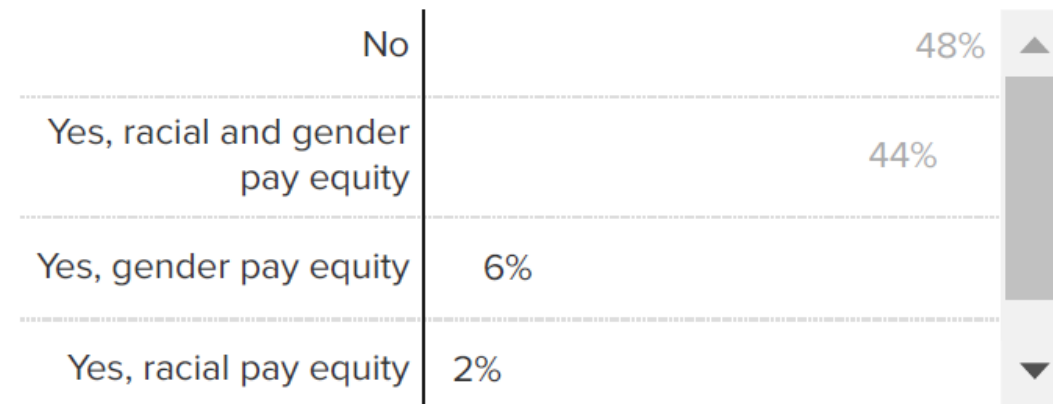
PUBLISHED WED. FEB. 23, 2022 - CNBC

- Companies are paying closer attention to what they pay their employees these days.
- To that point, 66% of organizations recently [surveyed by Payscale](#) said a pay equity analysis is a planned initiative in 2022, a 20% increase over last year. Pay equity is essentially equal pay for work of equal or comparable value.
- Just over half said they plan to conduct either a gender- or race-based pay equity analysis specifically — the first time this has been a majority in the 13-year history of Payscale's Compensation Best Practices Report. The pay data and software firm surveyed 5,578 organizations from November to January.

66% of employers plan to address pay equity this year, survey finds

PUBLISHED WED. FEB. 23, 2022 - CNBC

In 2022, does your organization plan on performing a race or gender pay equity analysis?



Source: Payscale's 2022 Compensation Best Practices Report. 5,578 organizations were surveyed from Nov. 2021 to Jan. 2022.



Driver recruitment wars: Cowan to pay \$20,000 sign-on bonus

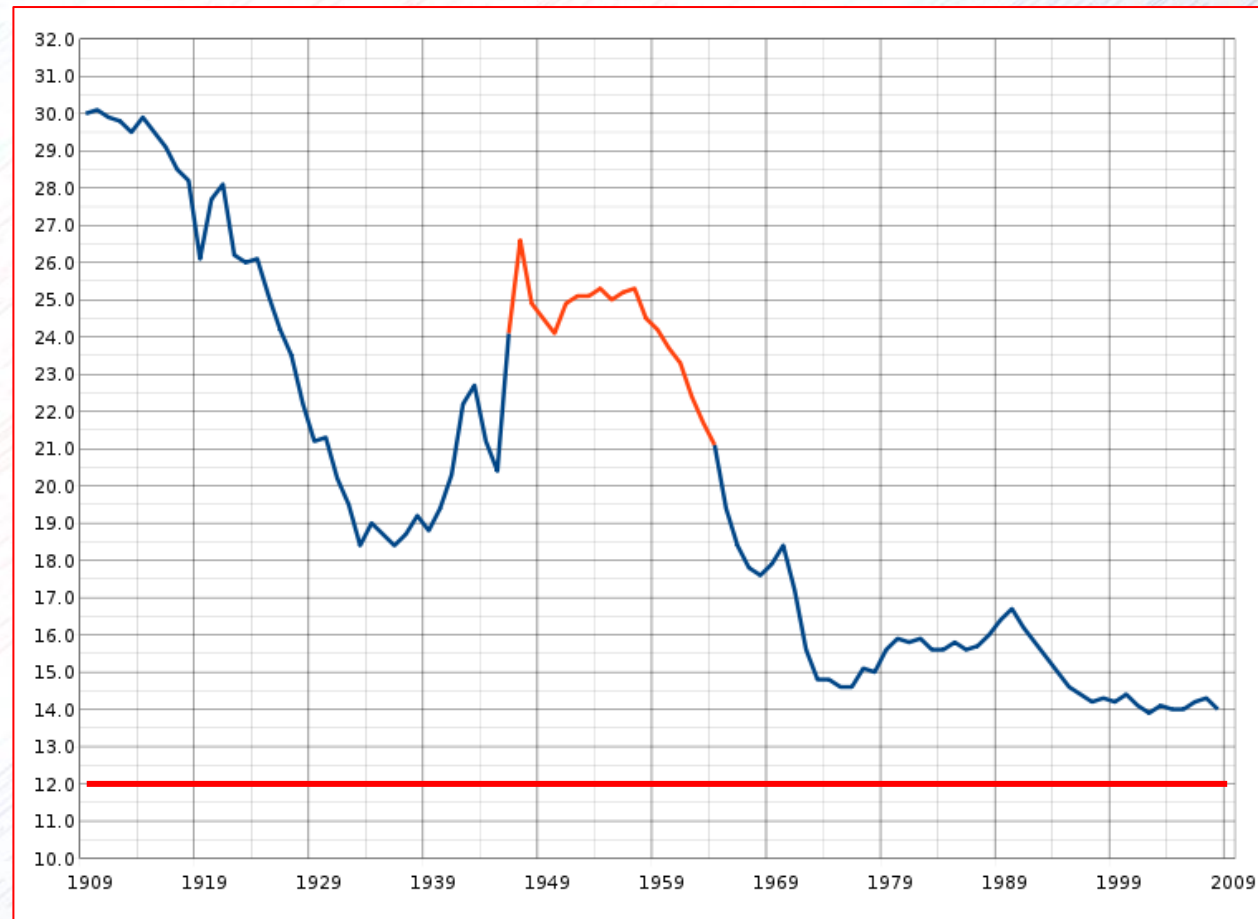


Generation Alpha

- The **Gen Alpha** age range includes individuals born between 2011 and 2025. In the new generation, the oldest members are nine years of age. Gen Z refers to people born in the years from 1997 to 2012, where Gen Z are somewhere between 9 to 25 years in 2021.

Birth Rates per 1000 People in U.S.

Wikipedia, 7/8/2011



Employers take note: Most remote workers don't want to go back to the office

Updated 1:44 PM ET, Wed February 16, 2022

By [Jeanne Sahadi, CNN Business](#)

Employers, take note: If your staff has been working from home most or all of the time during the past two years, chances are a majority may want to continue doing so after the threat of Covid-19 fades.

Among Americans with jobs that can be done remotely, 59% say they still are working from home much or all of the time, according to a new survey released Wednesday by the Pew Research Center. That's less than the 71% who reported working remotely in October 2020, but is well above the 23% who did frequently before the pandemic.

And among those who have a workplace outside of their homes, the majority (61%) said they are choosing to work from home. While the remainder said they're remote because their workplace is closed or unavailable to them.

Location Based Pay, BBC Worklife, 2/1/22

Businesses are currently split on whether to adjust workers' salaries based on where they live. By August 2021, most Big Tech firms (a group including Alphabet, Amazon, Apple, Meta and Microsoft) had announced they would **slash the pay** of employees who relocated out of Silicon Valley, arguing that existing wages were pegged to high living costs in the San Francisco Bay Area. Other firms, however, say pay shouldn't be linked to location; rather, employees will receive the same wage regardless of their local cost of

The realities of the four-day workweek

By *Alex Christian* 22nd March 2022, BBC

“Henry Ford’s theory was that [working] five days, with the same pay, would increase worker productivity, in that people would put more effort into the shorter workweek,” says Jim Harter, chief scientist for workplace management and wellbeing at US analytics firm Gallup, based in Nebraska.. The theory was largely proven correct: in the decades since, the five-day workweek has become common practice.

By the 1950s, however, there were calls from labour unions to introduce a **four-day week**. “People began projecting, if we take out another workday, it’d be even better,” says Harter. But take-up of the four-day workweek has remained slow: by March 2020, a Gallup study of more than 10,000 US full-time employees showed **only 5% worked a shorter week**.

13 reasons that help explain the labor shortage in the US, Insider, 12/8/21

- This year, businesses have been reporting difficulty filling open jobs, as workers quit at record highs.
- Businesses call it a "labor shortage", but it's a complicated mix of many different economic factors.
- Those include childcare, systemic racism, and multiple mismatches between workers and open jobs.
- It's been seven months of people quitting their jobs at near-record highs, and businesses are continuing to complain that they just can't find workers to fill open roles.
- **Regardless, the labor market is undergoing structural, worker-driven changes. Here's 13 potential reasons why there is a labor shortage.**

13 reasons that help explain the labor shortage in the US, Insider, 12/8/21

- 1) People Want More Money. In the traditionally low-paying leisure and hospitality, wages have soared by 12.3%.
- 2) Workers are questioning if they even like their jobs. (Great Reevaluation, and Epiphany Quitters, Great Reshuffling.)
- 3) High demand for jobs that offer flexibility.
- 4) Childcare issues and caregiving duties are keeping people from working.
- 5) Health concerns and vaccine hesitancies linger as the pandemic continues.

13 reasons that help explain the labor shortage in the US, Insider, 12/8/21

- 6) More workers than usual retired, **and they may not come back**. Goldman Sachs said that 2.5 million of the 5 million workers missing from the labor force are retirees, and 1.5 million of them are early retirees. An analysis from the Federal Bank of St. Louis found that **over 3 million "likely retired earlier than they would have otherwise" during the pandemic**.
- 7) Slowing immigration could be impacting the labor shortage.
- 8) There's a disconnect between the jobs open and the workers available. And 48% of jobseekers surveyed by FlexJob said that they're frustrated with the job search, because they weren't finding the right positions — and the ones that are open pay too low.

13 reasons that help explain the labor shortage in the US, Insider, 12/8/21

- 9) People are stressed and burned out. Workers are taking on extra duties as companies struggle to fill positions, leading these workers to also feel burned out. (Nurses)
- 10) Automated hiring software is filtering out qualified applicants. For instance, workers who have an employment gap of over six months are filtered out by 48% of employers in the Harvard study.
- 11) Employers also filter out workers because of preexisting biases and inequities. Roughly 70 million workers don't have a college degree.

13 reasons that help explain the labor shortage in the US, Insider, 12/8/21

12) Rethinking work and the "antiwork" movement.

- ❖ The pandemic, and the wrench its aftermath has thrown in the power of employers, has led many workers to rethink work altogether. One prime example is the rising "antiwork" sentiment, where over a million Reddit users converge to discuss exploitative bosses and conditions, and what a work-free lifestyle could look like. It's creating a new version of the American Dream, based on a type of work that works for workers, and not the other way around.
- ❖ "The truth of the matter about antiwork — and everything surrounding it — is that obviously things have to get done, but the current structure in which things get done and the way that capital flows as they get done is unfair and should be nonexistent," one moderator of the subreddit, who goes by u/rockcellist, previously told Insider.

13 reasons that help explain the labor shortage in the US, Insider, 12/8/21

13) People want to be their own boss





IRS to fast-track 10,000 hirings to address backlog

Journal of Accountancy, 3/7/22

- The IRS intends to use an expedited hiring process to hire about 10,000 workers for processing tax returns and managing taxpayers' accounts, according to a union that represents employees in the Service and other federal agencies.
- As of last month, the backlog included 17.6 million tax returns and nearly 6 million items of taxpayer correspondence, according to National Taxpayer Advocate Erin Collins's testimony to the Senate Finance Committee on Feb. 17.
- If hired in a short time, 10,000 employees would greatly outnumber the surge team of about 1,200 reassigned workers. As of 2020, the number of fulltime-
- equivalent positions in the IRS was about 75,700, according to the latest IRS Data Book figures, for fiscal year 2020. Nearly 25,000 of those were
- in filing and account services.
- In her Senate Finance Committee testimony, Collins said that the IRS had recently announced it had 5,000 open positions, of which 179 had been filled by mid-February.

Fiscal Condition

U.S. News and World Report 2021 Fiscal Stability Report

RANK	STATE	LONG-TERM	SHORT-TERM
1	 Alaska	41	1
2	 South Dakota	3	5
3	 Tennessee	1	11
4	 Idaho	6	7
5	 Utah	7	8
6	 Washington	2	19
7	 North Carolina	5	16
8	 Florida	11	9
9	 Wisconsin	4	34
10	 Texas	19	6

Rethinking Budgeting?

GFOA Newsletter

- Rethinking Budgeting: Equity and Fairness
- More and more local governments are exploring how to incorporate the concept of equity into their budget processes, but doing so can raise concerns about fairness. Join our webinar on April 18, to examine what "fairness" really means, taking into consideration the different moral perspectives people will bring to the question.

GFOA Newsletter, 3/31/22

- **Defining Fairness Poll**
- Which of the following best describes the way you define fairness? Click on one of the options below to vote.
-
- **A. People get what they need**
- **B. People get back proportionally to what they contribute**
- **C. People are treated the same as everyone else**
-
- We'll discuss these definitions and more during our **Rethinking Budgeting: Equity and Fairness** webinar coming up on April 18. [Click here to register](#)

ESG

Nasact Newsletter, 3/29/22

SECURITIES AND EXCHANGE COMMISSION

SEC Proposes Rules to Enhance and Standardize Climate-Related Disclosures for Investors

The U.S. Securities and Exchange Commission has [proposed new rule changes](#) that would require registrants to include certain climate-related disclosures in their registration statements and periodic reports, including information about climate-related risks that are reasonably likely to have a material impact on their business, results of operations, or financial condition, and certain climate-related financial statement metrics in a note to their audited financial statements. The required information about climate-related risks also would include disclosure of a registrant's greenhouse gas emissions, which have become a commonly used metric to assess a registrant's exposure to such risks.

The proposed rule changes would require a registrant to disclose information about:

- The registrant's governance of climate-related risks and relevant risk management processes.
- How any climate-related risks identified by the registrant have had or are likely to have a material impact on its business and consolidated financial statements, which may manifest over the short-, medium- or long-term.
- How any identified climate-related risks have affected or are likely to affect the registrant's strategy, business model and outlook.
- The impact of climate-related events (severe weather events and other natural conditions) and transition activities on the line items of a registrant's consolidated financial statements, as well as on the financial estimates and assumptions used in the financial statements.

ESG Disclosures

Journal of Accountancy

Auditors may see increased demand for ESG attestation

By Joseph Radigan

May 28, 2021

ESG Disclosures

- Environmental
- Social
- Governance



ESG Disclosures

- Sustainability
(including Cyber
Security)

ESG Disclosures

The first few months of 2021 witnessed some major milestones in investors' and regulators' efforts to get public companies to provide shareholders with more information about environmental, social, and governance (ESG) issues.

In March, the SEC published a **request for public comments** (<https://www.sec.gov/news/public-statement/lee-climate-change-disclosures>) about ESG disclosures. The move followed the launch of an Enforcement Division task force to uncover flawed ESG-related disclosures that violate its regulations. Additionally, shareholders are becoming more assertive in getting companies to lessen their reliance on fossil fuels.

A month before the SEC's moves, the Center for Audit Quality (CAQ) published **ESG Reporting and Attestation: A Roadmap for Audit Practitioners** (<https://www.thecaq.org/esg-reporting-and-attestation-a-roadmap-for-audit-practitioners/>) to help auditors guide clients in how they should approach ESG disclosures.

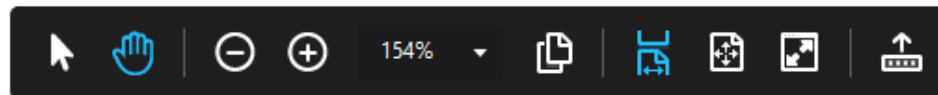
Journal of Accountancy – May 2021

ESG Disclosures - AICPA



June 11, 2021

The Honorable Gary Gensler, Chair
U.S. Securities and Exchange Commission



s Request for Input

ESG Disclosures - AICPA

Overall View

We appreciate the SEC exploring issues related to climate-change disclosure, and more broadly ESG disclosure through a formal request for information.

In today's global economy as much as 80% of the value of many companies is comprised of intellectual property, brand, customer value and other intangible assets that are not fully valued on the balance sheet. It has also been noted that as much as 85% of a company's costs are related to their people.

In this context, it is increasingly important to investors that they have relevant disclosures about the collective drivers of short, medium, and long-term value, and investors having this information is critical to the effective functioning of our capital markets.

As the SEC considers climate change disclosures, we think it is essential that all market participants work towards a comprehensive global reporting solution that provides insight into how an enterprise leverages its array of resources to create value over the long-term, including ESG disclosures.

ESG Disclosures – AICPA ESG Practice Aid

- [Link to Practice Aid](#)

ESG Disclosures – Ratings Companies

ESG and Credit Ratings: ESG Factors



Environmental (E)

- Green House Gas Emissions & Air Quality
- Energy Management
- Water Resources and Management
- Biodiversity and Natural Resource Management
- Natural Disasters and Climate Change

Social (S)

- Human Rights and Political Freedoms
- Human Development, Health and Education
- Labor Relations and Practices
- Public Safety and Security
- Demographic Trends

Governance (G)

- Political Stability and Rights
- Rule of Law, Institutional & Regulatory Quality, Control of Corruption
- International Relations and Trade
- Creditor Rights
- Data Quality and Transparency

Fitch ESG Relevance Score	Definition
5	Highly relevant, a key entity, transaction or program rating driver that has a significant impact on an individual basis.
4	Relevant to entity, transaction or program rating; not a key rating driver but has an impact on the ratings in combination with other factors.
3	Minimally relevant to ratings, either very low impact or actively mitigated in a way that results in no impact on the entity, transaction or program rating.
2	Irrelevant to the entity, transaction or program ratings; relevant to the sector.
1	Irrelevant to the entity, transaction or program ratings; irrelevant to the sector.



ESG Disclosures – GFOA



Government Finance Officers Association
660 North Capitol Street, Suite 410
Washington, D.C. 20001 202.393.8467

July 1, 2021

The Honorable Gary Gensler, Chair
Securities and Exchange Commission
100 F Street NE
Washington, DC 20549

Re: Public Input Welcomed on Climate Change Disclosures

Dear Chair Gensler:

In response to your request for comment, we would like to update you on the progress that has been made in the municipal finance industry regarding ESG disclosure and share our thoughts in response to some of your questions. We greatly appreciate the SEC's and investment communities' interest on this important topic.

ESG Disclosures – GFOA Best Practice

BEST PRACTICES



ESG Disclosure



ESG refers to three key factors that affect a government’s credit profile, including an exposure to climate risk and other Environmental factors (“E”), long-term Social factors (“S”), and Governance issues (“G”). ESG factors represent areas affecting the long-term sustainability of a community. Both investors and rating analysts have increasingly utilized outside resources to assess ESG risks for municipal issuers. Governments play an important role in that overall assessment by providing specifics about their ESG challenges and action plans and in doing so, increasing transparency to the entire municipal market. ESG disclosure provides governments the opportunity to tell their story of what they are facing and how they are addressing the issues, a point of view that is valuable to the broader municipal market.

Municipal bonds serve as a vehicle for “impact investments” and many investors want more information on the impact their investments can have. Since bond ratings and investor demand have a significant bearing on the pricing of municipal bonds, it is generally in the best interest of a government to provide this disclosure directly to the investment community through primary offering documents. The increased focus and awareness from investors can also be the catalyst for encouraging more governments to increase on-going efforts to identify and address environmental risks and enhance their readiness and resiliency.

ESG Disclosures – GASB Comments

- Nasact Conference – August 2021
 - Not being considered right now
 - Not on any agenda yet
 - Standards for ESG would be better developed by some other Regulator
 - Will affect governments some way some day

Executive Pay Tied to ESG Goals Grows as Investors Demand Action

Environment & Energy, Lydia Beyoud, March 12, 2022

- A quarter of U.S. companies include ESG metrics in executive pay
- Investors want more transparency on how metrics are applied
- Chipotle, McDonalds, Caterpillar, and other companies are increasingly tying executive pay to environmental, social, and governance goals as more investors, regulators, and activists scrutinize corporate behavior.

Executive Pay Tied to ESG Goals Grows as Investors Demand Action

Environment & Energy, Lydia Beyoud, March 12, 2022

- Executive pay is usually tied to meeting key financial metrics, such as profit margins or return on equity for shareholders. Now, companies are calculating portions of executive pay by factoring in goals such as carbon footprint reduction, employee wellness and retention, and supporting human rights.
- In 2021, a quarter of U.S. companies included some form of environmental or social metric as part of their executive incentive plans, up from 16% in 2019, according to a study by proxy advisory firm Glass Lewis & Co.

Office of the Future

Office building owners are getting crushed

The KPMG survey findings are alarming for commercial real estate companies that own prime office buildings in major cities. That's not to mention the bars, restaurants and other small businesses that cater to office workers.

Hopes that empty office buildings get repopulated this fall or in a post-vaccine world may be dashed.

Investors are already steering clear of many commercial real estate companies.

Shares of Vornado Realty Trust ([VNO](#)), which owns and operates offices and retail properties in New York City, have lost nearly half their value this year. SL Green Realty ([SLG](#)), another New York real estate investment trust that owns office and retail space, is down 46% in 2020.

Even Empire State Realty Trust ([ESRT](#)), the owner of the iconic Empire State Building, has collapsed by 55% this year.

New York City Office Occupancy, The City, 3/31/22

- Before the pandemic in March 2020, 95% of workers came to the office every day, according to Kastle data. When the city shut down, the figure plummeted to 5%, recovered to almost 30% last fall, and then plunged again in December.
- Big cities in Texas show occupancy at 50%, the national average is almost 37%, and only San Jose, Calif., reports a figure lower than New York.

Office of the Now Normal



Productivity Increased??

- What does burnout look like under the Work at Home **new normal**.

Productivity Increased??

COVID-19 and Zoom fatigue

The stress has been greatly aggravated in the months since COVID-19 lockdowns and remote-work requirements imposed a new way of life and work on most white-collar workers in the United States. The abrupt change demonstrated to many people that technology setups that were adequate for evening and weekend workloads weren't suited for 50-hour or 60-hour workweeks with no backup.

The shelter-in-place restrictions also prompted some academics and other researchers to examine a challenge that has affected workers during the pandemic — Zoom fatigue.

“It is actually exhausting, more exhausting, to be watching what we call the Brady Bunch view, or all the different squares on a videoconference, than it is to actually be interacting with the same number of people in person,” Staut said. “You are trying to focus on each and every one of those boxes. So if there are 16 people on a videoconference, and you can see all of their faces at the same time, your brain is trying to read their body language, all at the same time, and it is exhausting.”

Questions?



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