## ***P R E S S R E L E A S E***

# NIFA to County: Don't Wait to Address Systemic Budgetary Issues

*Nassau County needs to prepare plans to be smaller and smarter and do more with less*

**August 18, 2020**—Nassau County Interim Finance Authority (NIFA) recently issued its mid-year report detailing several paths forward to help the County navigate out of its ongoing budgetary challenges. In the report, NIFA outlines key areas where the greatest financial risks exist while also providing suggestive actions to correct systemic issues with the County's budget. As governments across the country struggle to rebound from the COVID-19 pandemic, NIFA supports the County in taking advantage of refinancing its debt, providing the County with $423 million in budget relief from 2020-2022, of which, $285 million is assumed in 2021.

"We support the Administration's debt restructuring proposal and stand ready to work with the County to achieve it should they decide to go this route," stated NIFA Chairman Adam Barsky. "However, without restructuring its debt, the County has a very daunting task ahead of them in trying to close a $285 million gap. Based on past experiences, we are skeptical that they can achieve this level of savings without significantly reducing their headcount, a drastic increase in taxes, or a combination of the two. If they have another plan that can get them out of this financial conundrum, great. We need to see it."

The New York State Legislature as well as the Governor passed an amendment to the NIFA Act allowing it to restructure NIFA and County debt to assist them as the County works through the immediate fiscal stress caused by the pandemic. Should the County Legislature not approve the Administration's proposal to restructure debt as allowed by State law, the remaining options will be draconian cuts to services and/or significant increases in taxes. To accomplish this, NIFA projects a reduction in head count that could be as high as 2,900 individuals and tax increases as high as 60 percent. In order to reduce the impact of these actions, the County needs to immediately start planning on alternatives to deliver services more efficiently. Even if the debt restructuring is ultimately approved, it will still only provide partial relief so that the County can execute longer-term plans to achieve structural balance.

"With or without approval of restructuring the County's debt, they still have a lot of work to do in bridging the short-term and long-term gaps in their finances," added Chairman Barsky. "Beginning today, they must implement gap-closing initiatives that provide recurring revenues and saving beyond the current year. This must also include pursuing productivity improvements through collective bargaining in order to control labor costs, which represent approximately half of County's total spending. We look forward to meeting with the County Executive and legislative leaders to help them navigate through this unprecedented fiscal crisis in a way that will have the lowest impact possible on county services."

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| Operating Results on a GAAP Basis<br>- Control Period Calculation -<br>($ in millions) | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020p | FY 2021p | FY 2022p | FY 2023p |
| ($189.2) | ($125.3) | ($83.1) | ($63.2) | ($61.2) | $76.8 | ($334.2) | ($481.4) | ($423.9) | ($436.3) |

***NOTE: FY2020 – FY2023 operating deficits are the largest in the County's history.***