



Frequently Asked Questions

1. What is NIFA?

The Nassau County Interim Finance Authority (NIFA) is an independent New York State public authority that was created through State legislation in 2000. NIFA was given the responsibility to monitor County finances and has been the vehicle for providing the County with over \$500 million in budgetary relief, including the transmission of State assistance through direct grants and the use of special financing vehicles.

2. How is NIFA governed?

NIFA is governed by six independent Directors (a seventh seat is currently vacant) and retains a small full-time professional staff. NIFA Directors serve without compensation and were appointed by Governors of both parties. More information about NIFA and its Directors can be found on its website at www.nifa.state.ny.us.

3. What is a control period?

A “control period” is defined in NIFA’s authorizing legislation. The statute provides that NIFA “shall” impose a control period if certain specified conditions relating to the County’s finances are met. During a control period, NIFA’s mandate is to stabilize the County’s finances by exercising a degree of control over financial planning, spending and borrowing.

4. Why now?

To ensure the County’s finances remain balanced, by law NIFA must impose a control period to prevent an operating deficit of more than 1% for the fiscal year (approximately \$27 million for the Fiscal Year 2011) assuming all revenues and expenditures are recorded according to generally accepted accounting principles. NIFA has repeatedly warned that the Fiscal Year 2011 budget proposals considered and enacted by the County Executive and the County Legislature contained far more than \$27 million of revenue and cost-saving projections carrying unacceptable risk. After obtaining and analyzing supporting materials from the County, NIFA determined it was substantially likely and imminent that the County would run a deficit of more than 1% in its Fiscal Year commencing January 1, 2011. Having reached that determination, NIFA had a statutory obligation to act, and the Directors voted to impose a control period.

5. Could NIFA put off its decision?

No. By law, once NIFA determines that the statutory criteria are met, NIFA cannot allow the County to incur a deficit pursuant to an unachievable financial plan. NIFA's authorizing legislation contemplates imposition of a control period *before* the opportunity for corrective measures has passed.

6. What happens next?

NIFA will work with County officials in the preparation and implementation of a balanced financial plan. Today, pursuant to its statutory authority, NIFA directed the County Executive to submit by February 15 a revised financial plan that includes achievable projections of revenues and expenditures. If necessary, NIFA will adopt modifications to the County's new financial plan, which become effective upon NIFA's resolution adopting the modifications. Also, within 20 days of the commencement of the control period (i.e., February 15), the County Executive by law must propose guidelines for the types of new contractual obligations of the County that will be submitted for NIFA's review and approval. While these initial steps are taken, NIFA will be evaluating whether the circumstances amount to a fiscal crisis necessitating a potential wage freeze.

7. Will a wage freeze be imposed?

A wage freeze may be imposed only if NIFA declares a fiscal crisis – meaning only if NIFA finds that relief from wage increases is essential to the County's ability to adopt or maintain a balanced budget. During a fiscal crisis, County employees and NIFA may alternatively agree to a more limited deferment of salary or wage increases in place of a wage freeze.

8. Are the County Executive and Legislature still running the County?

Yes. The County's elected officials continue to make policy decisions and maintain direct responsibility for County operations and the delivery of services within the limits imposed by its revised financial plan. NIFA's function is to exercise a degree of financial control in order to restore fiscal balance.

9. Will vendors be paid?

Vendors with existing contracts will be paid. New contracts will be required to be consistent with the County's revised financial plan.

10. Will debt service be paid?

There will be no change in the County or NIFA's obligations to pay debt service.

11. Will union contracts be reopened?

NIFA cannot unilaterally reopen union contracts. However, during a fiscal crisis NIFA can impose a wage freeze and can suspend all increased payments for holiday and vacation differentials, shift differentials, and salary adjustments or step-ups or other increments for employees.

12. How will a balanced budget be achieved?

During a control period, NIFA will approve a revised financial plan with the goal of matched projections of revenues and expenditures. Intra-year adjustments by the County will be required if projections prove to be inaccurate. If necessary, NIFA will exercise its statutory authority to modify the County's financial plan and/or to impose a wage freeze if warranted by the circumstances. NIFA exercises oversight; it does not conduct the County's operations or make the County's policy decisions. NIFA therefore will be looking to the County's elected officials to make operational and policy decisions to balance County finances.

13. How will County services be affected?

The County Executive and the County Legislature will continue to set policy, establish priorities, and determine service levels that are consistent with the revised financial plan.

14. How long will a control period last?

The statute specifies that a control period shall end when NIFA determines that none of the statutory conditions exist that would result in the imposition of a control period.

15. Will a control period impact the funding assistance due from the County to towns, villages or cities within the County (pursuant to N.Y. Tax Law § 1262-e)?

No. Such funding assistance will remain unaffected.

16. Does the control period apply to the Nassau Health Care Corporation and Nassau Community College?

Yes, but NIFA has the ability to impose less stringent terms.