



FREQUENTLY ASKED QUESTIONS CONCERNING NIFA'S IMPOSITION OF A WAGE FREEZE

1. What is the legal authority for NIFA to order a wage freeze?

The New York State statute that authorizes NIFA to order a wage freeze is Section 3669(3) of the N.Y. Public Authorities Law, Chapter 43-A.

2. Why has NIFA passed two resolutions?

Because of the specific structure of the NIFA Act, there are two resolutions. The first resolution makes a "finding" that a wage freeze is "essential" to the County's adoption and maintenance of a FY 2011 budget in compliance with the Act. The second resolution then "declares" a fiscal crisis and exercises NIFA's statutory discretion to "order" a wage freeze. This sequence follows from the statutory language authorizing a wage freeze.

3. Why do we need a wage freeze?

As matters stand today, with the first quarter of FY 2011 almost complete, the County faces a significant deficit on both a statutory and cash basis and has only nine months to correct the imbalance. Negotiations between the County and its labor unions to date have not resolved the problem. The wage freeze provides essential savings in 2011 and avoids greater sacrifices through layoffs and furloughs.

4. Who is covered by the wage freeze?

All County employees.

5. What is covered by the wage freeze?

In general, the wage freeze suspends all increases in salary or wages that would otherwise take effect after March 24, 2011. The wage freeze also, in general, suspends all increased payments for holiday and vacation differentials, shift differentials, salary adjustments

according to plan and step-ups and increments after March 24, 2011. The wage freeze does not affect wages for services already provided to the County. Wages are not being reduced; rather, increases under existing labor agreements are temporarily suspended.

6. How will the freeze affect steps in contracts?

Suspending increases in payments and benefits during a wage freeze does not suspend the contractual provision concerning an employee's ongoing advancement of steps on the compensation schedule as a result of continued accrual of service credit not cancelled, annulled or eliminated. As a result, when the wage freeze terminates, employees may be compensated prospectively at levels that account for increases due to service credit accumulated during the freeze.

7. How much will be saved in FY 2011 by the implementation of wage freeze?

The County has provided NIFA with information indicating that more than \$10 million in savings will be achieved in FY 2011 through a wage freeze.

8. What other actions will NIFA be considering in the near future?

NIFA will be reviewing County contracts, and contracts of covered organizations that have not been exempted, to ensure compliance with a balanced financial plan. NIFA is also authorized by statute to conduct operational and financial audits of the County government to identify opportunities for savings. NIFA has no authority to raise taxes. That decision lies at the heart of democratic self-governance and remains with the County's elected officials.

9. Is the current County Administration in favor of a wage freeze?

On March 15, 2011, the County Executive delivered a letter to NIFA explicitly requesting that NIFA exercise its statutory authority to impose a wage freeze.

10. How long will the wage freeze last?

The wage freeze ordered today is effective for one year. Additional wage freezes may be ordered in the future.

11. Can the wage freeze be lifted before one year?

The wage freeze can be lifted by NIFA with respect to employees who have agreed to an alternative wage deferral pursuant to an agreement certified by NIFA. In addition, NIFA also has statutory discretion to terminate the wage freeze, in whole or in part, upon finding that the fiscal crisis has been sufficiently alleviated or for any other appropriate reason.