



NIFA Rejects Nassau's 2002 Budget & Multi-Year Financial Plan

Shortfall of \$55.3 Million for 2002 With Gap Growing to more than \$208 Million by 2005 Cited as Reasons for Rejection

Uniondale, NY – October 10, 2001 – The Nassau County Interim Finance Authority's (NIFA) Directors voted unanimously today to reject the County's Proposed Fiscal Year 2002 Budget and Multi-Year Financial Plan.

The 2002 budget and multi-year financial plan (2002-2005) advanced by Nassau County Executive Thomas G. Gulotta on September 17th, could have a shortfall of \$55.3 million for the fiscal year 2002 with the gap growing to more than \$208 million by fiscal year 2005, according to NIFA's analysis.

"We sympathize with the County's position that the events of September 11th could negatively affect the County's short- and long-term finances, but some of the shortfalls would have occurred regardless of the tragedy," said NIFA Chairman Frank Zarb. "While we are all saddened by recent events, it would be a mistake to allow the County's fiscal situation to worsen through inaction."

NIFA issued a 50-page report that summarized its findings. Among the findings were the following:

- Nassau County is likely to achieve a balanced FY 2001 Budget, primarily because of \$25 million in State aid and \$88 million of debt restructuring through NIFA.
- The FY 2002 Budget, as proposed by the County Executive, continues a positive trend in the County's attempt to forecast revenues and eliminate one shots; however, the Budget contains a real shortfall of \$45.3 million, which needs to be addressed in order for the County to achieve a balanced budget. In addition, NIFA has identified an additional \$10 million of high risk items which could easily increase the gap.

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- The Multi-Year Financial Plan is unacceptable because of the need to modify the 2002 Budget and because of a number of questionable assumptions and initiatives. As currently drafted by the County, the Plan requires the closing of out-year gaps of \$129.8 million in FY 2003, \$179.9 million in FY 2004, and \$208.6 million in FY 2005.

Stating that NIFA would be available to assist in any way possible, Mr. Zarb asked County Executive Gulotta and the Legislature's leaders to make a concerted effort to arrive at an acceptable FY 2002 Budget and Multi-Year Financial Plan as quickly as possible.

While acknowledging that by law the County has until October 30th to adopt its 2002 budget and financial plan, Mr. Zarb requested that NIFA receive a consensus progress report by October 23rd on how the Legislature intended to close the gaps.

“We are sensitive to the fact that Election Day is very close,” said Mr. Zarb, “and we would like to give the new administration taking office in January an opportunity to get the job done. Allowing the financial hole to deepen now, however, will make long-term remedies more difficult and more painful to achieve. In short, we can not let the national emergency or coming election prevent us from doing what is right and doing it now.”

In offering to assist the County's leaders in meeting their mandated fiscal goals and objectives, Mr. Zarb noted that NIFA's authorizing statute also imposes upon it a responsibility to the people of Nassau and the State of New York. To that end, NIFA remains committed to using all of its resources and powers to ensure that Nassau County has a sound budget in place for fiscal year 2002 and an acceptable multi-year financial plan.