



The State is going through a most difficult period. We intend to overcome our problems through sound fiscal restraints. We will reestablish financial equilibrium without gravely impairing services or damaging the economic climate. We have the talent, the resourcefulness and the will to do this.

— NELSON A. ROCKEFELLER, Governor
Budget Message, January 17, 1972

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EXECUTIVE DEPARTMENT
DIVISION OF THE BUDGET
RICHARD L. DUNHAM, Director of the Budget
Albany, New York, October 1972

This Budget Summary reflects action by the Legislature on the Governor's 1972-73 Budget as well as revisions in the State's financial outlook. For more detail on the financing and operations of all State agencies, the reader is referred to the Governor's Executive Budget of January 17, 1972, copies of which are available in libraries throughout the State.

FINANCIAL SUMMARY

New York State's 1972-73 budget, as approved by the Legislature, is now estimated to require \$7,894 million in expenditures. As total income is estimated at \$7,960 million, it is expected that \$66 million will be available to repay recent borrowings from the Local Assistance Tax Stabilization Reserve Fund.

Three-fifths of every taxpayer dollar will be paid out in State financial assistance to local governments and school districts. The remaining revenues pay for direct State services to the public, construction of State facilities and bonded debt service.

STATE INCOME AND EXPENDITURES

(millions of dollars)

	1971-72 Actual	1972-73 Estimated	Change
Income			
Current revenues	6,781	7,406 ^a	+ 625
New Federal aid	...	450	+ 450
Bond funds	158	104	- 54
Total income	6,939	7,960	+1,021
Less: Repayment of borrowings from the Local Assistance Tax Stabili- zation Reserve Fund	...	- 66	- 66
Equals: Total usable income	6,939	7,894	+ 955
Expenditures			
Local assistance	4,291	4,728	+ 437
State purposes	2,386	2,535	+ 149
Capital construction	564	421	- 143
Debt service on bonded debt	181	210	+ 29
Total expenditures	7,422	7,894	+ 472
Deficit	483	...	- 483

^a Reflects estimated receipts of \$7,846 million, less redemption of \$440 million in tax anticipation notes issued to partially finance 1971-72 deficit.

1971-72: BACKGROUND...

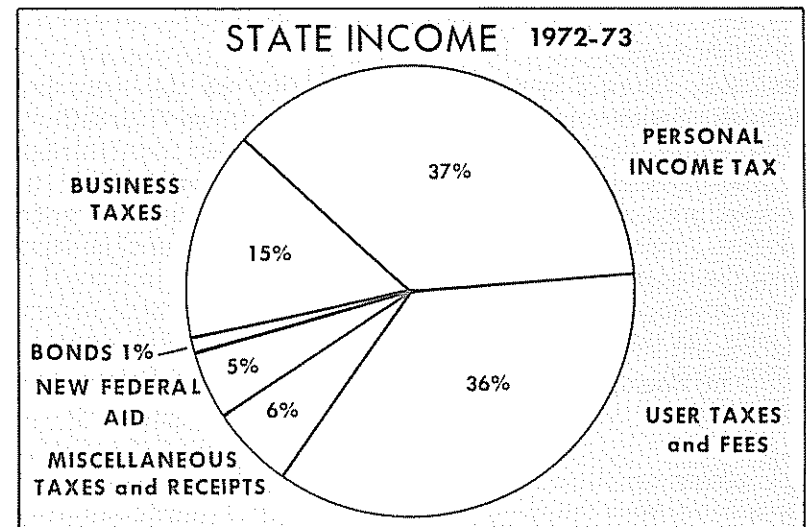
The 1972-73 State Budget was prepared as a part of a 15-month financial plan which encompassed financial activity during the final quarter of 1971-72 as well as the entire 1972-73 fiscal year. This approach was required to meet the substantial deficit that was anticipated for 1971-72. It also allowed time for formulating a more permanent solution to the underlying

imbalance between State income and expenditures. The 1971-72 State Budget was ultimately balanced with revenues from a tax program enacted at the special session of the Legislature held in December 1971, borrowings from the Local Assistance Tax Stabilization Reserve Fund, and issuance of \$440 million in tax anticipation notes during March 1972 that have since been repaid from revenues received in early 1972-73.

1972-73: ECONOMIC DEVELOPMENTS...

Both the national and New York State economies have begun to rebound from the recession of 1969 and 1970, which contributed greatly to revenue shortfall in 1971-72 and led to the deficit in that year's Budget. Even though most State economic indicators have been somewhat depressed recently by the devastation accompanying tropical storm Agnes, the basic trends have been favorable through most of the 1972 calendar year. While recovery has been sluggish in certain industrial sectors and significant unemployment problems remain, the State has begun to experience an encouraging resumption of economic growth.

This economic turnabout has been reflected to some extent in State revenue, although not all sources have shown the growth that was expected at the time the Budget Message was prepared.



STATE REVENUES . . .

The State's revenue structure is now expected to yield \$7,406 million* in 1972-73, \$625 million more than in 1971-72.

Strong growth in income taxes, partially offset by disappointing receipts from consumption levies, has characterized the State's revenue experience for the first six months of 1972-73.

Personal Income Tax Personal income tax collections have grown significantly during the first half of the current State fiscal year. This is due to higher levels of economic activity and the recent changes in the rates and the base of the tax. Increased receipts from taxes withheld from wages and salaries account for most of the increased yield. Part of the growth is illusory since it reflects unanticipated overwithholding from individuals, paralleling recent experience at the Federal level.

In 1972, State tables for determining personal income tax withholding were adjusted to conform to revisions in the comparable Federal tables on the assumption that most affected taxpayers would claim additional exemptions, as suggested by the Federal government. It appears that many taxpayers have not taken advantage of this opportunity. Consequently, State overwithholding is now estimated at \$150 million. Corresponding increases in refund volume and reduced payments accompanying final returns are anticipated during the last quarter of the current fiscal year and the first quarter of 1973-74.

Business Taxes State corporation franchise tax receipts through September indicate a healthy upward trend in corporate profits. Continuing growth in the yield from this tax is less certain. Many large corporate taxpayers subject to Federal price controls may begin to experience reduced profit margins. Moreover, the property and production losses resulting from the recent floods are not yet reflected in receipts from this tax. Growth in the yield of utility and insurance taxes largely reflects tax rate increases that took effect July 1, 1971, and will undoubtedly diminish somewhat during the latter half of this fiscal year.

* This figure represents net current revenue available for general expenditure, after the Comptroller impounded \$440 million to repay tax anticipation notes that matured in June 1972.

Consumption Taxes Disappointing collection experience during the last quarter of State fiscal year 1971-72 and early 1972-73 has led to a downward revision of more than \$100 million in the Budget Message estimate of 1972-73 revenues from consumption taxes. More than seven-eighths of the reduction reflects a less optimistic forecast of State sales and use tax receipts. After adjustment for the rate and base changes that first affected sales and use tax receipts in the fall of 1971, the 1972-73 yield from this tax indicates limited growth over the comparable period in 1971-72. In past years, price inflation has sometimes accounted for as much as one-half of the growth in the yield from this tax. Recent experience reflects the fact that prices are now rising more slowly.

Estimated motor fuel tax receipts have been adjusted downward to reflect 1972 legislation that diverted certain fuel tax revenues to a new Emergency Highway Reconditioning and Preservation Fund.

Other Revenues and Miscellaneous Receipts Declines in receipts from the estate tax and taxes on pari-mutuel betting and racing attendance have been partially offset by increased revenues from the State Lottery. 1972-73 receipts from these sources, together with miscellaneous receipts, are expected to drop by about \$20 million from the exceptional level achieved in 1971-72.

FEDERAL AID . . .

Recent action by Congress and other increased Federal aid items indicate that the State will receive at least the additional Federal aid budgeted for 1972-73. Future prospects are less clear.

Most of the funds to be realized during 1972-73 represent Federal aid for 75 per cent reimbursement of costs incurred by the State and its localities in providing services to actual and potential welfare recipients, both directly and through contractual agreements with third parties (commonly referred to as "purchase of services"). More than one-half of the amount estimated to be realized in 1972-73 represents retroactive claims — in effect, nonrecurring receipts. Moreover, Congress has imposed an expenditure ceiling on this program, which would have the effect of considerably reducing the State's entitlement in future years.

With regard to revenue sharing, the Senate-House conference agreement has altered the apportionment formula of the earlier House (Mills) bill in a way that will reduce the combined New York State and local share of the total amount to be distributed, from \$649 million to \$591 million. This \$58 million reduction, however, will impact unequally upon the State and its localities. Due to the added proviso that two-thirds of each state's allocation be distributed directly to its local governments, New York State's annual share will be \$120 million less than had been anticipated.

On balance, it appears safe to assume that, under a combined revenue sharing-social services act, the State will receive somewhat more in 1972-73 than the \$400 million initially budgeted. The estimate has accordingly been raised slightly in this mid-year financial review.

Since whatever level of receipts is realized in 1972-73 cannot be sustained on a continuing basis, in view of the retroactive payments and the new ceiling on Federal aid for social services, it is appropriate that provision be made in the current year's financial plan for full restoration of the assets of the Local Assistance Tax Stabilization Reserve Fund, by repaying the \$66 million that was drawn upon to finance recent deficits.

STATE EXPENDITURES . . .

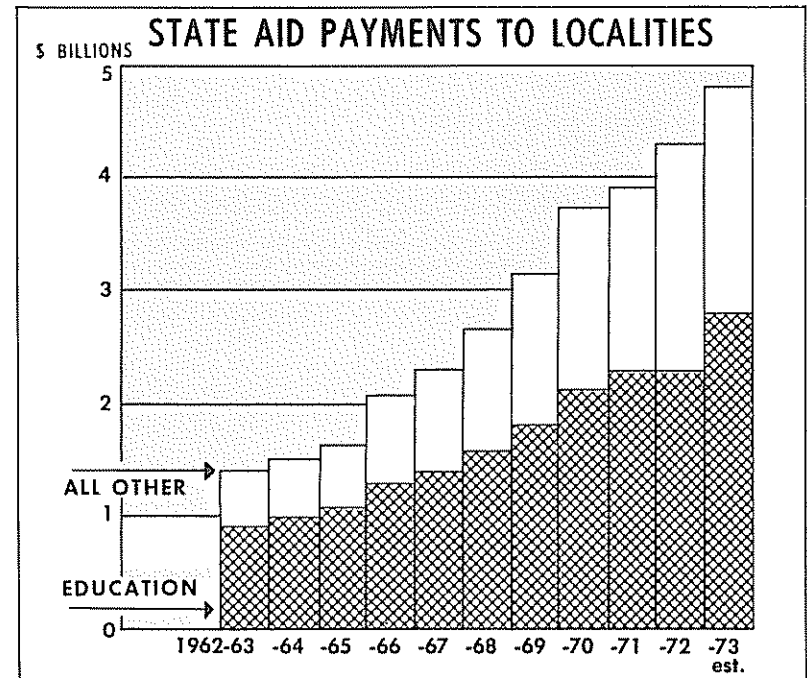
Since publication of the Budget Message in January, the forecast for total State spending has been revised downward slightly, by \$6 million, to \$7,894 million. This estimate is \$472 million higher than actual expenditures in 1971-72, the smallest annual increase in eight years.

The revised estimate reflects the net effect of the actual trend of expenditures since January and several other developments, including legislative action on the Governor's original spending recommendations, wage and salary settlements concluded since the Budget was introduced, and court injunctions to stay various aid payments relating to nonpublic schools.

Local Assistance Fund State aid to local governments is expected to rise to a record level of \$4,728 million in 1972-73. This increase of \$437 million over last year accounts for more than 90 per cent of the total increase in General Fund expenditures above the 1971-71 level.

Most of this increase is attributable to a revision in the payment schedule for aid to public schools. In State fiscal year 1971-72, only 83 1/3 per cent of the formula aid was distributed, while a full 100 per cent will be distributed in 1972-73. (Because of differing fiscal years, however, school districts received a full 100 per cent during the 1971-72 school year and will again receive the full aid in school year 1972-73.)

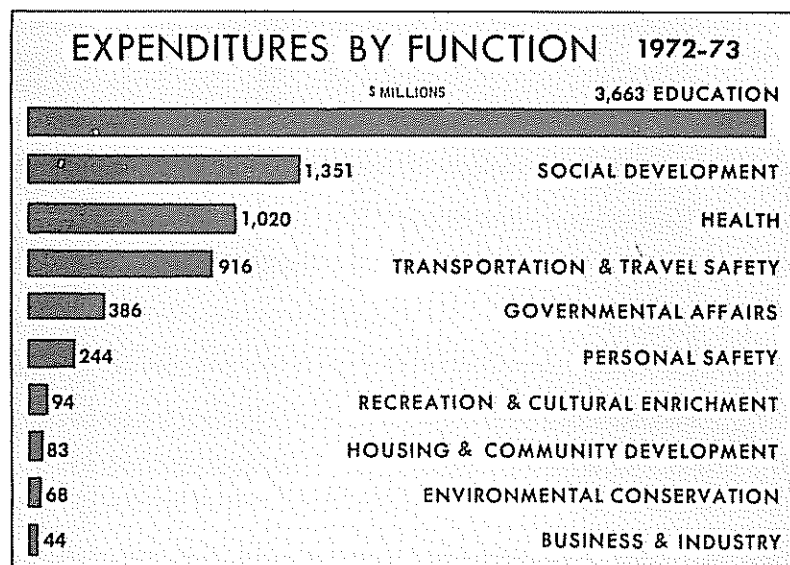
Minor increases in other programs have been more than offset by the effects of court actions which are holding in abeyance various programs to provide financial relief for students attending nonpublic schools.



State Purposes Expenditures Expenditures for direct State operations, other than capital construction and debt service, are expected to rise by only \$149 million, from \$2,386 million to \$2,535 million. This represents the smallest percentage increase in more than a decade, a result that was achieved by a continuing vigorous effort over the past three years to stabilize State spending by the imposition of expenditure ceilings, the use of vacancy controls, the elimination or consolidation of agencies, and other cost-cutting techniques.

Estimated State Purposes expenditures have increased slightly since publication of the Budget Message, primarily as a result of subsequently negotiated salary agreements with State employee representatives. More than 60 per cent of the year-to-year increase in direct State spending is due to increased employee salaries and the rising cost of complying with statutory requirements for higher employer contributions for employee retirement, health and dental insurance and Social Security coverage.

The remaining increase is attributable to such factors as the State's prison reform program, increased enrollment in the State University system, improved care for the mentally disabled and provision for staffing of newly completed schools for the mentally retarded, emergency relief necessitated by flood devastation, and price inflation in the cost of goods and services purchased by the State.



Capital Construction Expenditures Capital Construction Fund regular expenditures are estimated at \$421 million for fiscal 1972-73, a decrease of \$143 million from fiscal 1971-72 and almost a one-third decrease from the 1970-71 expenditure level.

More than 94 per cent of these expenditures result from construction projects authorized in previous years and State aid for community programs.

The total commitment of the 1967 Transportation Bond Issue and the resulting dependence on tax revenues to finance highway construction have limited this program for 1972-73 to the minimal level necessary to avert loss of Federal aid.

Emergency legislation enacted earlier this year authorized Thruway Authority financing of a \$100 million program of reconditioning and preservation of existing highways. This farsighted program will yield the greatest highway benefits for each dollar spent. It will help us to preserve New York's existing 14,000-mile highway network and make it safer for the traveling public.

Debt Service Debt service on bonded debt will rise slightly to an estimated \$210 million in 1972-73, reflecting greater principal repayments on a larger volume of outstanding indebtedness. This estimate is slightly lower than had been forecast at the time of the Budget Message, since the Comptroller has taken advantage of improved market conditions to obtain more favorable interest rates than had been anticipated earlier.

MAJOR STATE FUNCTIONS

EDUCATION . . . 46 per cent of State Budget

Elementary and Secondary Education An estimated 3.5 million pupils will attend New York public elementary and secondary schools in the 1972-73 school year. To help meet the need for competent teachers and adequate facilities, the State will provide local school districts with \$2.5 billion in direct assistance. This is an increase of \$110.6 million over 1971-72, reflecting the continued rise in enrollments and school costs.

On the average, State aid meets 49 per cent of approved school operating costs. School districts whose wealth, as measured by the full value of real property per pupil, is above or below the statewide average receive proportionately less or greater assistance. Legislation enacted this year ensures that no school district will receive less operating expense aid in 1972-73 than it did in 1971-72. State funds for school construction are paid in the same ratio as aid for operating costs. In addition, districts providing approved transportation for their pupils are reimbursed for 90 per cent of such costs.

The State gives extra help to schools having special problems. A high-tax-aid program continues to help districts unable to maintain essential services without imposing inordinately high property tax rates: \$30 million will be distributed among 173 districts under this program. State urban aid to city schools, amounting this year to \$47 million, helps them meet the urgent needs of their many culturally deprived pupils.

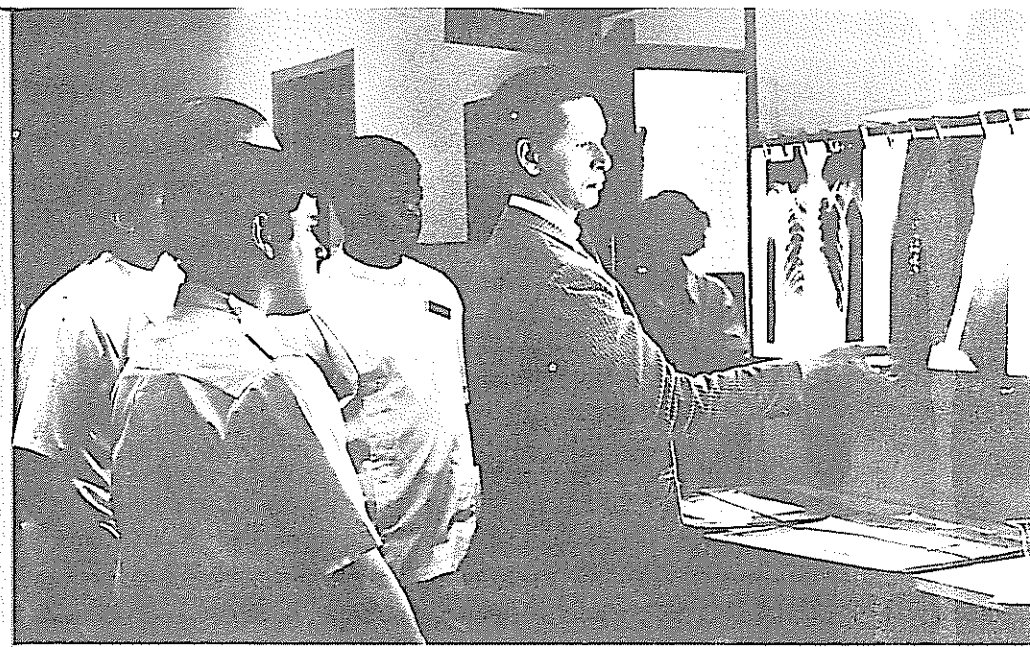
The State is seeking new ways to aid its financially hardpressed nonpublic schools. Unless the State is restrained by the courts, funds will be provided this year to such schools, the parents of their pupils, and those public schools affected by nonpublic school closings. Such assistance will include partial tuition reimbursements to low-income parents and, for other parents, income tax adjustments partially offsetting tuition payments.

State University The State University of New York is now the nation's largest system of higher education. Its 71 campuses accommodate a growing enrollment, expected to rise this year to 235,000 full-time and 133,000 part-time students. Undergraduate academic programs cover the full range of liberal arts and sciences, while its graduate courses lead to advanced degrees in such fields as medicine, law, engineering, music, agriculture, industrial and labor relations, social work, maritime studies, and public affairs. Increases in tuition and dormitory charges will insure operation of all 1972-73 State University programs within appropriations totaling \$504 million.

Empire State College A "college without a campus," Empire State College is being developed within the State University as an alternative to the costly campus facilities that many students cannot afford. Learning centers in Albany, Rochester, Long Island and New York City offer courses by correspondence and sophisticated techniques to students throughout the State, who visit their centers as they or their faculty advisers deem necessary. Education materials are developed by a coordinating center at Saratoga Springs. Some 1,650 students of all ages are expected to be enrolled in Empire State College in 1972-73, and their tuition payments will significantly defray the centers' operating costs, estimated at \$1.6 million.

Community Colleges The State's 38 community colleges offer two-year degrees in a wide spectrum of fields, including the liberal arts, paraprofessional medicine, and construction technologies. The State contributes up to 40 per cent of the operating costs of these locally sponsored schools and 50 percent of their construction costs; during 1972-73 this aid will total \$130.0 million. To facilitate the expansion of these rapidly growing schools, legislation was enacted this year authorizing the New York State Dormitory Authority to help finance community college construction programs. In 1972-73 this will mean proceeding with construction on seven local campuses, costing in all \$61 million, which otherwise could not have gone ahead because of State fiscal stringency. Other new legislation authorizes such colleges to enter into cooperative programs with nearby public and private institutions in order to further "regionalism," whereby the State University seeks to make maximum use of all educational resources in any given area.

Medical Education The State continues to emphasize a number of programs to train urgently needed medical personnel, both professional and paraprofessional. During 1972-73, funds totaling \$79.9 million will support the State University's four health science centers — Upstate Medical Center in Syracuse, Downstate Medical Center in Brooklyn, the University of Buffalo Center, and the center at Stony Brook, which opened last year. Altogether these institutions will enroll some 2,200 students of medicine and dentistry. Meanwhile private medical and dental colleges under contract to the State University will receive \$9.5 million in capital and operating assistance to meet the cost of training additional doctors. Eligible nonpublic institutions also receive State aid for each full-time medical student. State funds amounting to \$4.2 million will support this program during 1972-73.



Community colleges train much-needed medical personnel.

FINANCIAL ASSISTANCE FOR COLLEGE STUDENTS

New York State maintains programs of financial aid to students that are among the most generous and varied in the nation. These include:

- 75,000 Regents scholarships to students attending college in the State, ranging from \$250 to \$1,000 per year;
- 2,400 scholarships, furnishing \$350 a year for four years, to veterans of the Vietnam conflict;
- 5,100 scholarships of \$450 a year for the children of deceased or disabled veterans and the children of Vietnam prisoners of war;
- 227,800 scholar incentive awards, providing qualified applicants with up to \$600 a year toward college costs;
- 400 scholarships for students attending schools of medicine or dentistry;
- A student loan program under which the Higher Education Assistance Corporation may guarantee low-interest loans to eligible students, regardless of family income level, up to a maximum of \$7,500 for all years of study combined.

Other Higher Education The State continues to match, dollar for dollar, New York City's funds for the City University of New York, up to a maximum of \$185.2 million. This year a State advance of \$13 million will enable City University to make the initial payment on its purchase of the University Heights Campus of New York University as a permanent home for Bronx Community College.

The State also maintains a number of general programs which help to maintain operations at nonpublic colleges and universities: during 1972-73 a total of \$30.2 million will be provided to eligible institutions as evidence of the traditional partnership between public and private educational interests in New York.

The State's unique Search for Education, Elevation and Knowledge (SEEK) Program increases educational opportunities at the college level for educationally and economically disadvantaged students. During 1972-73, \$33.2 million will be available under this program for financial assistance and special academic and counseling support for almost 25,000 students at the State and City universities, community colleges, and the private colleges of the State.

SOCIAL DEVELOPMENT . . . 17 per cent of State Budget

Public Assistance During 1972-73 an estimated monthly average of 1.8 million persons will receive some kind of welfare assistance in New York State, an increase of approximately 112,000 over the corresponding number for 1971-72. Children and the mothers who care for them represent 72 per cent of this total. Another 14 per cent are aged, blind, or disabled. The remaining 14 per cent are primarily families unable to support themselves on earnings from their jobs. Assisting welfare recipients this year will cost the State, its localities and the Federal government an estimated \$1.8 billion.

The State continues to seek meaningful welfare reform at the Federal level, convinced that only an overhaul of the entire welfare structure can relieve state and local governments of an almost intolerable financial burden. Meanwhile, within the constraints imposed by Federal regulations, the State is providing jobs and job training for as many employable recipients as possible and ensuring that only those properly eligible remain on the welfare rolls. Under legislation enacted in 1971, certain able-bodied adults now pick up their welfare checks at State employment offices, where they receive counseling and referral to job openings. Because this effort has been hampered by the general lack of employment opportunities, the State is initiating projects to create public and community service jobs for welfare recipients.

To improve the administrative efficiency of its welfare programs, the State has reorganized its social services structure. Responsibility for operating the Quality Control Program mandated by the Federal government now lies with the State Department of Social Services and is no longer spread among the various local social services districts. The Department evaluates all programs in terms of their cost-effectiveness and audits local operations. Complementing the Department's work is the Office of Welfare Inspector General, established last year in New York City, which receives and investigates all complaints of welfare abuse and suspected fraud. Branch offices of this agency are opening this year in Albany and Buffalo.

Medical Assistance for the Needy The State's Medicaid program seeks to provide uniform and comprehensive health care to persons who otherwise could not afford it. These

include all welfare recipients, certain low-income persons considered "medically indigent" by virtue of age or handicap, and persons stricken with catastrophic illness whose medical expenses exceed 25 per cent of their income. A total of approximately \$1.6 billion in Medicaid benefits will be paid out during 1972-73, a record high.

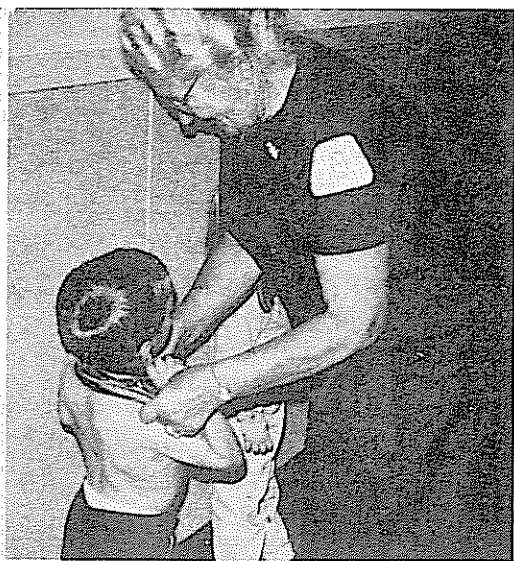
Concerned with the steadily rising cost of medical assistance, the State revised its eligibility schedules in 1971. However, these changes have thus far been restrained by the Federal courts. To cut costs wherever possible, the State is undertaking a thorough review of the program, with emphasis on providing preventive medical care to minimize the hospital and nursing home stays that account for 75 per cent of Medicaid spending.

Day Care Day care facilities protect and help children whose parents or other relatives are unable to care for them during the working day. Approximately 35,000 children will benefit from publicly supported day care programs during 1972-73, freeing parents who are on welfare for either employment or job training.

The State will contribute \$11.8 million for day care operations this year. It has also encouraged the construction of day care centers by authorizing the State Housing Finance Agency to issue low-interest mortgage loans to nonprofit sponsors. Guaranteeing 100 per cent of these loans, and up to 90 per cent of loans made by private lending institutions, is a special fund created in 1969, the Community Facilities Project Guarantee Fund.

"Food on the Table" Program This program seeks to identify persons in need of better nutrition, and permits them to purchase at a discount Federal food stamps for redemption in any grocery store. The budget contains approximately \$13 million in 1972-73 for this program; local social services districts offer classes in nutritional education to all stamp purchasers.

Programs for the Aging Because of the impact of inflation on older persons with small fixed incomes, the State authorizes municipalities to grant partial property tax relief not only to low-income homeowners age 65 and over but now also to landlords renting to such tenants. A total of 993 local governments grant direct property tax exemptions to elderly



Senior citizens can offer valuable services in day care centers.

owners. The State-supported Empire Housing Foundation, created in 1967, encourages the sponsorship of senior citizen housing. More than 38,000 apartments for the elderly were completed, under construction or in design under various State-assisted programs as of June 30, 1972. Legislation enacted this year allows a municipality to make supplemental payments to housing companies renting to the low-income elderly.

Meanwhile the State Office for the Aging works with local governments and private groups to develop community programs and services for senior citizens of all income levels. Such programs provide counseling, vocational, recreational and educational services, as well as home care for the housebound. The State also administers Federal funds for a variety of projects for the elderly, including the old-age assistance program. To construct and expand such community facilities as senior citizen centers, the State's Housing Finance Agency is authorized to issue up to \$50 million in low-interest, fully guaranteed mortgage loans.

Youth Programs Delinquency prevention and juvenile rehabilitation are the twin goals of the Division for Youth. The Division expects this year to provide direct services to some 8,500 young people. The Division operates 41 residential facilities, including 6 major training schools, 6 branch schools, 18 homes, 4 short-term treatment centers, 5 camps and 2 aftercare units, and expects to open an additional 8 facilities in 1972-73. In addition, two residential Youth Development Centers in the New York City area are being developed for drug abusers between the ages of 13 and 17.

The State assists municipalities in the operation of local youth bureaus, youth service projects and recreation programs. More than 2,100 such projects in 1,250 localities will receive State assistance during 1972-73. The State also helps local governments meet the cost of foster care and the care of

juvenile delinquents, and enforces standards in all child care institutions, private as well as public.

Human Rights New York State law forbids discrimination in employment, housing, education, public accommodation and union membership, whether on the basis of sex, age, race, religion or national origin. The Division of Human Rights expects to investigate some 3,500 complaints under these statutes during 1972-73, and take corrective action where necessary. A notable result of this program has been recent agreements with employers in banking and insurance to recruit minority-group workers. The Division also works closely with community advisory councils and local commissions for human rights to promote equal opportunity for all individuals. The State Department of Labor fosters local affirmative action programs against discriminatory practices in trades through the cooperative efforts of labor officials and representatives of government and minority groups.

Services to Veterans To meet the needs of its veterans, including those returning to civilian life after service in Vietnam, New York State provides numerous services. The Division of Veterans' Affairs maintains counseling facilities in every county, offering coordinated advice concerning State, Federal and local assistance. The State provides veterans' scholarships which may be used in conjunction with benefits under the G.I. Bill of Rights; scholarships for the children of deceased or disabled veterans, a program which has been extended to the children of servicemen held prisoner-of-war; preferential admission to middle-income housing projects; and tax exemptions on real property assessments.

Job training and placement services are provided, and the Governor's Post Vietnam Coordinating Committee is stimulating local business efforts to hire veterans. In New York City, two State-financed offices help the Vietnam veteran. An innovative Veterans' Job Center is operated by the Department of Labor at its office on 125th Street in Manhattan, while the One-Stop Veterans' Service Center on Nostrand Avenue in Brooklyn makes available to returning servicemen the combined services of the Division of Veterans' Affairs and the State Departments of Labor, Commerce and Civil Service. State aid is provided to 57 counties and 10 cities for the operation of local veterans' service agencies.

Labor The men, women and youth who make up New York's work force are daily protected by standards of safety, wages, hours and bargaining practices enforced by the State Department of Labor. The Department this year is developing a State plan for safety inspections under the provisions of the Federal Occupational Safety and Health Act and is conducting a pilot program to improve safety performance at high-hazard sites and plants with heavy injury experience. Enforcing minimum wage laws, the Department seeks restitution in all cases of underpayment: in 1971 it collected nearly \$1.4 million in unpaid wages for more than 40,000 employees. It also administers workmen's compensation and disability benefit programs, and its arbitration and mediation staffs assist in the settlement of labor disputes.

The State Labor Department conducts programs of manpower training and job placement for job hunters throughout the State. With the initiation of last year's welfare reform program, these responsibilities were greatly expanded, and it now seeks jobs or training opportunities for as many employable welfare recipients as possible. Facilitating this work is a computerized system matching job openings with individual skills, which is now operating successfully in major job markets across the State.

HEALTH . . . 13 per cent of State Budget

Public Health The public health system of New York State comprises the State Department of Health in Albany and its 16 regional and district offices, plus an additional 29 county health departments and 4 city departments, including New York City's Health Services Administration, all financially aided by the State. The combined resources of this system are aimed at providing effective health services as economically as possible to all persons needing them.

The State supports community programs for maternity and child-care services, protective inoculations, laboratory services, family planning instruction, and clinical treatment of venereal disease. Under legislation enacted this year, the State is encouraging the establishment of local organizations to provide home health care, including nursing and therapy, for persons who might otherwise be subject to prolonged hospitalization. State-supported clinics in urban areas are serving a growing

number of disadvantaged patients who would ordinarily be unable to obtain adequate care. The State will spend \$80.4 million in 1972-73 to assist all local health programs.

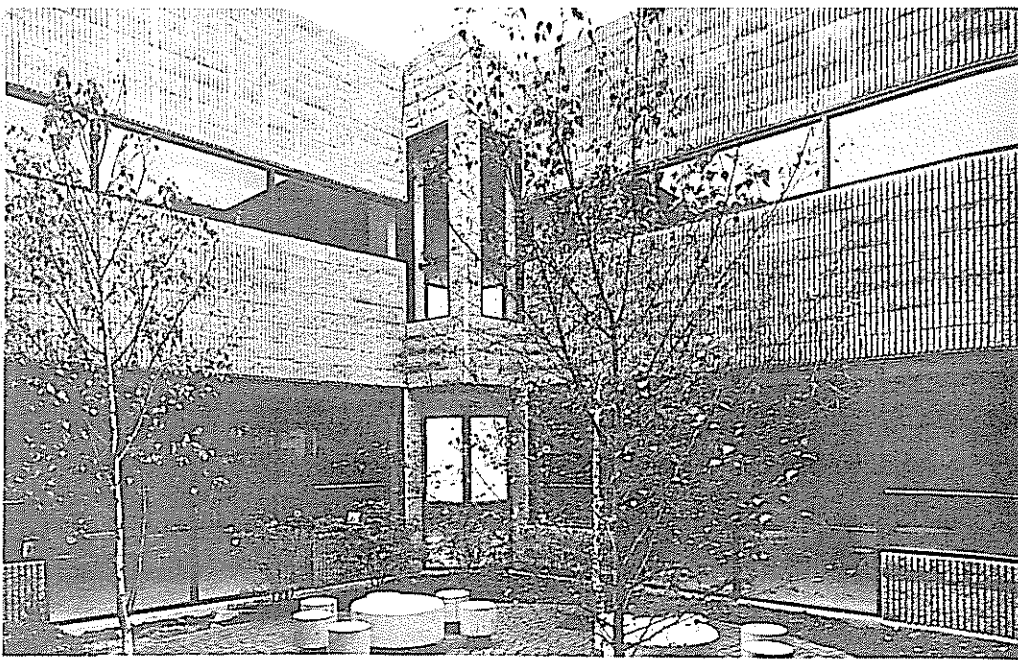
The State renders direct medical services at three hospitals to victims of cancer, tuberculosis and physical handicaps, and cares for veterans and their eligible dependents at a fourth facility. It conducts research in cancer, kidney disease, birth defects and burn treatment at four State institutes and has recently undertaken special research projects in sickle-cell anemia, gonorrhea diagnosis, and lead and mercury poisoning.

Health Care Costs Medical cost control is of great concern to the State, which is seeking to limit hospital costs through systems of cost accounting and the study of innovative alternatives to present methods of health care. Meanwhile the State establishes and regularly reviews fees charged under the Medicaid program by physicians, dentists, optometrists and other medical practitioners, and determines whether hospital rates are reasonably related to the cost of efficient service.

Health Care Facilities It is estimated that an additional 50,000 hospital and nursing home beds will be needed in the State by 1975. To provide for these, the State has authorized the Housing Finance Agency to make long-term, low-interest loans to municipal and voluntary hospitals and to nonprofit and limited-profit nursing home companies. This year the Agency's authority to issue bonds for nursing homes and voluntary hospitals was increased by an additional \$1 billion to \$3.95 billion. In addition, a number of voluntary hospitals are now eligible for loans from the State's Dormitory Authority for both construction and equipment.

In keeping with its responsibility for ensuring high-quality care for all patients, the Department of Health has established a State Hospital Code and regularly inspects all hospitals and nursing homes for compliance with Code standards. The quality of medical care provided under the Medicaid program is also subject to scrupulous periodic review.

Mental Health A major responsibility of State government is the care and treatment of the mentally ill and retarded. During 1972-73 New York will spend \$633 million to operate 53 State hospitals and schools for this purpose. Included are additional funds for an extensive three-phase plan that will



This new State school in Brooklyn for the retarded will relieve overcrowding at other facilities.

relieve overcrowding and understaffing at State schools for the mentally retarded and permit more comprehensive State-local programs for the mentally disabled.

The State will also provide \$66.3 million for the construction and operation of community mental health and mental retardation facilities. All counties in the State are now developing such programs, furthering the concept of integrated State-local services so important to the total treatment of the mentally ill and retarded.

Concerned that some 700,000 of its citizens are alcoholics and that the resulting loss to employers now exceeds \$100 million a year, the State is creating a comprehensive network of treatment centers. Ten alcoholism rehabilitation units are currently functioning at eight State hospitals, caring for approximately 3,000 patients annually.

A signal accomplishment of the 1972 legislative session was the recodification of the State's Mental Hygiene Law for the first time since 1927. Reflecting modern philosophy and practice, the new law permits far greater flexibility in handling individual cases. Key features of this law are specific safeguards of patients' rights and properties, and carefully drawn hospital admission procedures.

Narcotic Addiction The New York State Narcotic Addiction Control Commission has, over the past year, significantly redirected its activities. These now emphasize short-term detoxification, methadone maintenance, and community-based rehabilitation rather than long-term institutional treatment. For this overall State-local effort, the State will spend \$111.3 million in 1972-73. While State facilities were reduced in number during 1971-72, more addicts are now receiving outpatient treatment. As an integral part of the State's revised approach, comprehensive local programs for narcotic treatment and education are now being given greater emphasis and receive up to 100 per cent reimbursement from the State. The combined treatment capacity of all State and local programs at any one time is now 36,000 persons.

The New York State Controlled Substances Act, enacted this year, authorizes the Department of Health to regulate the possession, manufacture and distribution of all dangerous drugs, effective April 1, 1973. The new law seeks to conform State statutes to Federal law and nationally recommended standards and thus reduce the diversion of potentially dangerous drugs from legitimate medical and research uses into illegal channels.

TRANSPORTATION AND TRAVEL SAFETY

. . . 12 per cent of State Budget

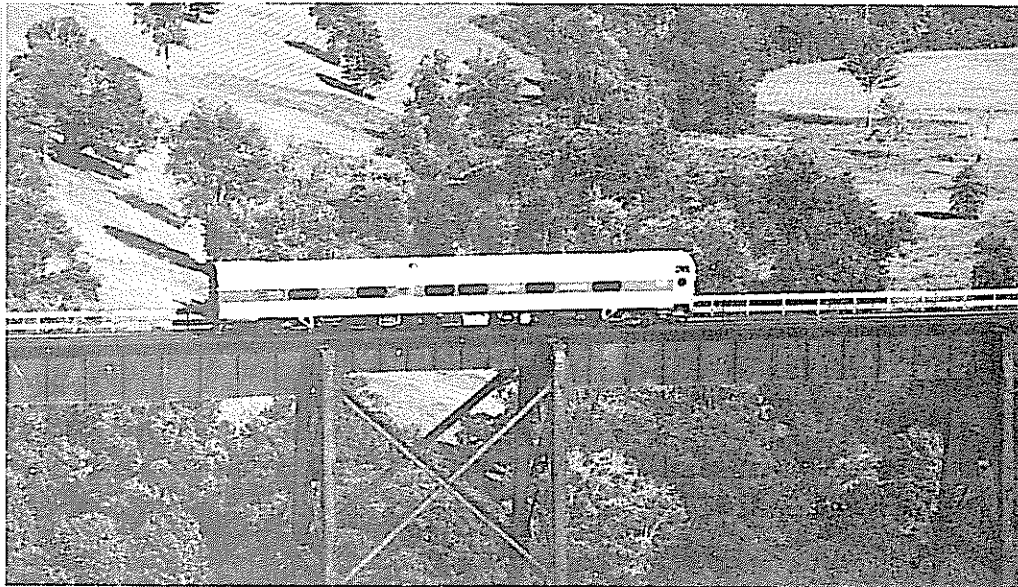
A major goal of New York State is the development of a unified transportation network, integrating all modes of transport and travel and designed to keep pace with social and economic changes. While the defeat at the polls of the 1971 Transportation Bond Issue will necessarily slow progress in the State's total transportation program, work is underway on a number of high-priority projects.

Mass Transportation Cooperating with regional transportation bodies, the State continues to explore new ways of improving mass transportation systems. The 1972 Statewide Master Plan for Transportation, recently issued in draft form, calls for increased concern with urban needs and a new partnership between the public and private sectors. State and Federal aid is helping to revitalize the major commuter rail services in the New York Metropolitan Area and to improve and extend subway service in the City itself. State legislation enacted this year permits the Port Authority of New York and New Jersey,

with New Jersey's approval, to undertake mass transit improvement projects in that congested area. Other new legislation has appropriated \$1.5 million to the Metropolitan Transportation Authority for the development of bus service in Nassau County.

Four State-aided upstate public authorities provide comprehensive planning and services to facilitate mass transportation. To improve inter-city as well as inner-city service, the Capital District Transportation Authority has taken over bus lines in Albany, Schenectady and Troy and will operate them as an integrated regional system. Meanwhile, the State is aiding the Niagara Frontier Transportation Authority in its plans to provide the first rapid transit service along the densely populated Buffalo-Amherst corridor. The Rochester-Genesee Transportation Authority has initiated a pilot project involving computer-controlled, point-to-point bus service, called "Dial-a-bus." Bus lines in Syracuse are expected shortly to be taken over by the Central New York Transportation Authority. A number of cities are experimenting with "park-ride" facilities that permit parking in peripheral areas close to bus and rail lines that serve central urban areas.

An experimental turbo-electric car designed to improve commuter transportation.



Highways and Streets Reconditioning its more than 14,000 miles of roads and highways is a major obligation of the State. Today many of the 12,000 miles that are not high-speed roads are in need of repair. With highway funds from the 1967 Transportation Bond Issue fully committed, the State has entered into an agreement whereby the borrowing capacity of the Thruway Authority will be used to provide \$100 million for an urgently needed program to recondition and preserve highways and improve traffic operations. The State will repay the Authority from a new Emergency Highway Reconditioning and Preservation Fund, to which will be dedicated a portion of the State's motor fuel tax receipts. From its current revenues the State will continue to help local governments meet the cost of highway maintenance, repair and construction. Such assistance is expected to total \$8.2 million in 1972-73.

A notable change in law this year brings New York City into the program authorizing joint State-local planning of highway corridors and multiple use of State highway rights-of-way. Such comprehensive planning will take into account diverse economic, social and environmental needs. It is expected to facilitate integration of a redeveloped West Side Highway with various community projects planned or being developed along the Hudson River waterfront.

Air Transport The steadily increasing demand for both inter- and intrastate aviation service has led to efforts on several fronts to improve airport facilities. To date, more than \$188 million of the \$250 million in State bond funds allocated for aviation has been committed. These funds will be used to improve airport and air service facilities throughout New York State. Included in this program is the continuing transformation of the former Stewart Air Force Base in Orange County by the Metropolitan Transportation Authority into an international facility for cargo flights to serve a tri-state area.

Travel Safety The Traffic and Safety Program of the State Department of Transportation and the Driver Safety Program of the Department of Motor Vehicles combine to promote safe and efficient movement of people and goods. The State requires that all drivers be tested for licensing and that all motor vehicles be inspected as well as registered; traffic regulations are enforced by the State Police. The State participates in the Federal TOPICS Program, in which the State and the Federal

government share equally the cost of installing modern control devices to expedite traffic flow in congested urban areas.

Action was taken this year to broaden the definition of an intoxicated automobile driver to include all persons for whom chemical tests show a blood alcohol content of 0.10 per cent (formerly 0.12 per cent). To reduce the safety hazards posed by increasing numbers of bicycles on the State's highways and roads, legislation was enacted to strengthen regulations concerning visibility of bicycles at night and prohibit the sale of nonconforming machines after January 1, 1974.

GOVERNMENTAL AFFAIRS . . .

During 1972-73, \$386 million, or approximately 5 per cent of the total State budget, will be spent on direct State operations, with \$56 million allocated to the Judiciary and the Legislature. The remaining \$330 million will pay for such vital State functions as the collection of revenues, legal affairs, personnel transactions, auditing of accounts, budgeting, long-range planning and the purchase and maintenance of equipment, property and buildings.

Faced with its most serious fiscal crisis in more than a generation, yet reluctant to reduce services to its citizens or financial aid to its localities, the State has effected rigid economies in its activities over the past two years. Every agency has been required to operate within strict expenditure ceilings and produce savings wherever possible. During the 1971-72 fiscal year, the number of State employees was reduced by nearly 10,000. Agency actions last year resulted in savings and additional revenues of nearly \$76 million, and equivalent benefits are anticipated in the current fiscal year.

In 1972-73, State expenditures are being controlled through a new system of fiscal plans, one for each State agency as approved by the Director of the Budget. These are designed on a program-by-program basis and provide for monthly monitoring of expenditures, careful attention to priorities, and comprehensive staffing limits.

Support for these efforts has come from two special advisory groups. The Business Advisory Committee on Management Improvement contributes the expertise of the private sector to the solution of State problems, while the

Management Advisory Council comprises 18 senior State executives who work with the Director of the Budget to improve efficiency and economy in all State operations.

State Employees This year, as a result of collective negotiations between the State and employee representatives, most State employees received a 4 per cent salary increase, effective April 1, 1972. In addition, the agreements covering institutional, administrative, operational, and professional, scientific and technical employees call for joint State-employee participation in a study of means of increasing productivity. These agreements provide for payment of an amount equal to 1 1/2 per cent of salary in April 1973 contingent upon agreement on criteria for measurement and allocation of the savings resulting from a program of productivity improvement, plus legislative approval. Most members of the Security Unit (which consists of correction officers and other security personnel) were provided additional compensation in recognition of the general requirement for members of that unit to assemble for briefing prior to the commencement of each shift. Other security employees received an increase in premium pay, a payment made in lieu of overtime compensation.

The 1972 Legislature approved agreements which had been reached after the close of the 1971 Legislature covering the professional staff of the State University and members of the State Police below the rank of lieutenant. Salaries of State University professionals were increased by 6 per cent effective in 1971. In 1972, teaching faculty and academic librarians received a 3 1/2 per cent increase and nonteaching professionals received a 4 per cent increase; also, funds were provided in 1972 for merit adjustments for employees in each of the three groups. Members of the State Police below the rank of lieutenant received varying increases on July 1, 1971 and again on April 1, 1972. Implementation of the second year of the two-year agreement negotiated and approved by the Legislature in 1971 for lieutenants and captains in the Division of State Police resulted in a new flat salary rate for each rank on April 1, 1972, plus a \$200 increase effective October 1, 1972.

The Permanent Commission on Legislative and Judicial Salaries was created this year to review the salaries of members of the Legislature and Judiciary and to recommend appropriate compensation levels. The Permanent Commission on Public Employee Pension and Retirement Systems, established last

year, recommended in its initial report that there be no substantive changes in pension systems until the Commission is able to make additional analyses.

New layoff procedures were enacted this year which will apply in the event of future reductions in force. Other 1972 legislation provides that, after March 31, 1973, all increases of salary and compensation based on time in service shall be negotiated pursuant to the Taylor Law.

Intergovernmental Relations New York State ranks first in the nation in State aid paid to local governments. While ten years ago 53 cents of each State tax dollar went to localities, the figure today is 60 cents. A key aspect of this effort is the State's revenue sharing program, enacted in 1970, under which cities, counties, towns and villages share an amount equivalent to 18 per cent of the State's prior-year personal income tax collections. During 1972-73 about \$451 million will be distributed under this program to localities for general governmental purposes.

The State also shares with its municipalities fixed percentages of certain other tax and fee receipts. For all State aid programs, localities will receive some \$4.8 billion from the State in 1972-73, an amount which represents 60 per cent of the total State budget.

The State's Office for Local Government, Department of Audit and Control, Department of Civil Service and Office of Planning Services provide a wide variety of advisory, planning, legal and training services to help local governments achieve maximum efficiency and effectiveness.

The State receives substantial financial aid from the Federal government, amounting in 1972-73 to an estimated \$2.8 billion. More than one-half of these funds will be turned over to the State's local governments for a variety of uses.

PERSONAL SAFETY . . .

Crime Control In order to concentrate statewide efforts to combat crime into a coordinated thrust, a Division of Criminal Justice Services has been created within the Executive Department this year. The new Division assumes the functions of the Division for Local Police of the Office for Local Government, the Division of Criminal Justice of the Office of

Planning Services, and the New York State Identification and Intelligence System. Its work will combine planning, analysis, local police training, and criminal information activities; its grant-in-aid programs will provide technical assistance to local law-enforcement agencies. Meanwhile the State's Organized Crime Task Force in the Department of Law is working with local district attorneys to investigate organized criminal activities crossing county lines.

To speed criminal justice in the courts, the 1972 Legislature, at the Governor's request, created the Emergency Felony Case Processing Program to speed up felony cases and reduce outstanding backlogs. Without creating new judgeships, this program will set up new court parts for hearings and trials, and fund the necessary grand juries and both prosecution and public defense legal staff. This program will not only promote fair and prompt trials, but should also help relieve the crowded conditions at detention facilities in New York City and elsewhere.

In September 1972, responding to the findings and recommendations of the Knapp Commission, the Governor directed the State Attorney General to appoint a special prosecutor to investigate and prosecute corruption throughout the criminal justice system of New York City. He also directed the State Commission of Investigation to establish a special New York City unit to evaluate law enforcement and judicial procedures in the City. In addition, proposals for dealing with statewide corruption in the criminal justice system will be intensively studied by Counsel to the Governor in order to develop legislative recommendations. An allocation of \$200,000 from the Government Emergency Fund will initiate an overall \$4 million program for these purposes, to be funded jointly by the State and Federal governments.

Correctional Services The State's Department of Correctional Services, reorganized in 1970, began operations in 1971 under a mandate of modernization and reform. Impetus was given its efforts by last September's occurrences at Attica; today the Department is placing new emphasis on education and job training as means of rehabilitating convicted offenders and reducing the rate of recidivism. Appropriations totaling \$101 million, together with an anticipated \$6 million from the Federal government, will enable the Department in 1972-73 to

operate 20 institutions with an average aggregate population of 16,150 and provide counseling and supervision to an average of 13,000 persons released on parole.

THE 1972 PRISON REFORM PROGRAM

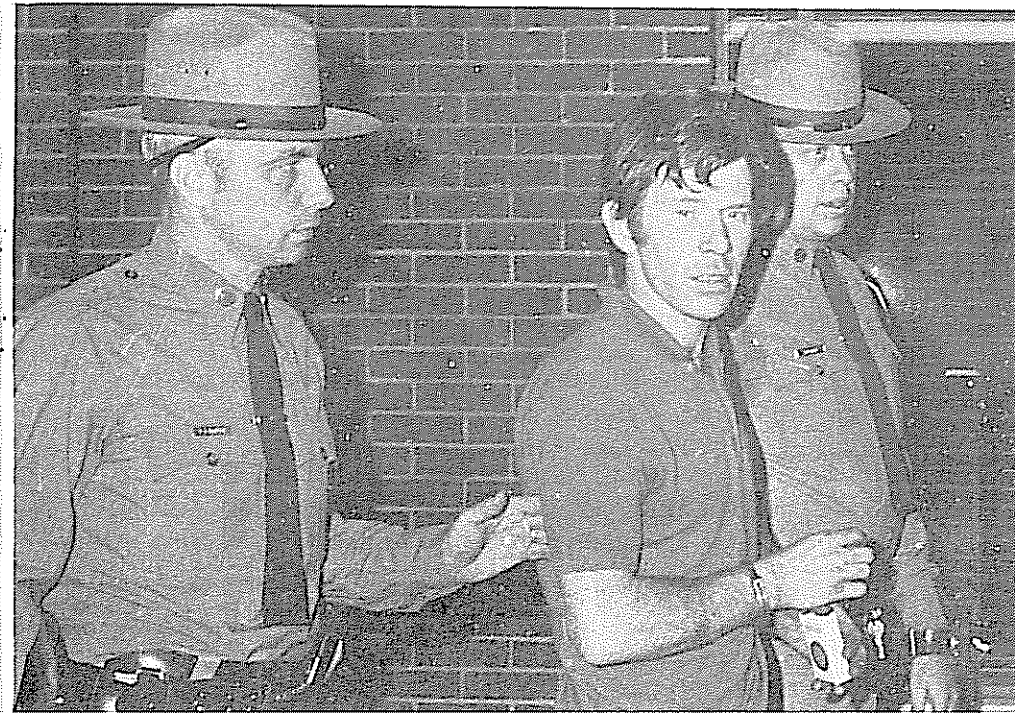
Based on the recommendations of the Select Committee on Correctional Institutions and Programs, the State's \$62 million prison reform program provides for:

- An additional \$12.2 million to improve correctional programs and administration;
- An authorization of \$50 million for construction and modernization of facilities through financing powers of the Health and Mental Hygiene Facilities Improvement Corporation and the Dormitory Authority;
- The establishment of a prisoner furlough program;
- An expanded work-release program;
- Improved job opportunities for former inmates;
- Correction of inequities in parole eligibility.

Probation Probation is a valuable alternative to institutional commitment, permitting offenders to remain in their own communities throughout their terms of correction. The Division of Probation, generally responsible for supervising probation programs throughout the State, provides training for both State and local staff. It also furnishes full probation services, at State expense, for three upstate counties, Fulton, Montgomery and Warren. New York City and 53 other counties, with their own probation programs, are eligible for reimbursement by the State for up to 50 per cent of certain costs. With an expected average of 50,000 persons on probation during 1972-73, the Division will hold some 1,700 consultations with local officials, in addition to servicing its own district offices. Funds available for this important work total \$19.1 million.

State Police The 4,000 troopers and other staff of the State Police, dedicated to the statewide protection of life and property, face expanded duties as crime rates rise and traffic on State highways grows. In many areas the State Police represent the primary police agency and must conduct special investigations of criminal activity and develop evidence and information for court presentation. Such investigative functions are performed by the Bureau of Criminal Investigation, which is especially concerned today with traffic in illegal drugs. Laboratory and communications services support State Police and local law enforcement agencies alike. The State Police Academy in Albany trains recruits in all aspects of police responsibility and offers advanced training to members of the force, State correction officers, and selected local police personnel. With 100 vacant trooper positions to be filled this fall, the total cost to the State of the work of the State Police during 1972-73 will amount to \$53.3 million. Under the Federal Highway Safety Act and the Omnibus Crime Control and Safe Streets Act, the State Police receive grants for such specialized purposes as helicopter patrols, computers, emergency communications equipment, and training in traffic science and administration.

The State Police takes custody of a criminal suspect.



Military Affairs and Civil Defense The State Division of Military and Naval Affairs maintains, houses and trains the State's military forces – the Army National Guard, the Air National Guard, the Naval Militia, and the State Guard. These defend the State in case of attack, provide relief operations in times of disaster, and help civil authorities control civil disturbances. The Division shares the functions of the former Civil Defense Commission with the State Police, the Office of General Services, the Department of Health and the Department of Transportation.

Disaster Relief The State's ability to respond quickly and effectively in time of natural disaster was demonstrated in the summer of 1972 when flooding caused by Hurricane Agnes led to enormous destruction in Chemung, Steuben, and other counties. The Governor's Flood Relief Coordinating Committee, chaired by the State Transportation Commissioner, went into action without delay to provide emergency relief and to arrange for early rehabilitation and rebuilding programs.

Numerous State agencies have contributed staff, services and equipment to assist those in distress and provide immediately needed cleanup. They have worked with Federal agencies and local governments in getting and distributing food, housing and supplies. The State Transportation Department has worked to make highways and bridges passable again, the Health Department has protected water supplies, the National Guard has enforced security, the Commerce Department has serviced the equipment needs of flooded businesses and assisted them in applying for Federal loans, and the Labor Department has helped applicants for special disaster unemployment benefits.

The State's Urban Development Corporation has been authorized to spend up to \$3.8 million to acquire and prepare sites for the temporary housing furnished by the Federal government and to conduct planning studies aimed at rebuilding damaged areas. The UDC has initiated a permanent housing program for those whose homes were damaged beyond repair. The UDC has entered into agreements with Elmira and Painted Post to assist in major urban renewal planning and rebuilding efforts covering residential and commercial areas nearly totally wiped out, and will extend renewal help to other localities.

A \$275,000 allocation from the Governmental Emergency Fund is being utilized by the Division of Equalization and Assessment in the Office for Local Government to accurately ascertain the impact of flood damage on real property assessments. This will help develop an appropriate program to alleviate the effects of the flood on property owners, local governments and school districts. Meanwhile, the State Education Department has expedited determination of damages to public schools and is administering the Federal compensatory reimbursement program for schools.

RECREATION AND CULTURAL ENRICHMENT . . .

To help meet the unprecedented demand for recreational opportunities in New York State, the Office of Parks and Recreation was created in 1970 and a new Parks and Recreation Law enacted in 1972. Today the Office manages the 242,000 acres in the State's park system that this year will be host to 45 million visitors for camping, swimming, boating, hiking, tennis, golf and winter sports. The Office also registers and regulates more than 300,000 motorboats and snowmobiles. Appropriations totaling \$35.4 million will finance these important activities during 1972-73.

New York's long-range program for the acquisition and development of land for park and recreational use benefits both the State and its localities. Using funds from the \$200 million Outdoor Recreational Development Bond Issue, approved by the voters in 1966, the State reimburses local governments for up to 50 per cent of the cost of developing land into municipal parks, marinas and historic sites. Meanwhile, progress continues on two new State parks in New York City, one an imaginative venture that places a riverside park above a modern sewage treatment plant.

Under an arrangement approved this year, the bobsled run at Lake Placid, formerly operated by the State, is expected to reopen under the joint sponsorship of Essex County and the Federal government.

The Adirondack Park Area The Adirondack Park Agency was established in 1971, charged with developing a master plan for the six million acres of the Adirondack State Park. The first part of the plan, the subject of public hearings in the spring of 1972 and now approved, divides the 2.27 million acres that are

State-owned into categories according to use. The largest portion, 1.15 million acres, is designated as "wild forest," permitting its use for camping, snowmobiling and other recreational activities. The 3.5 million acres that are privately or municipally owned will be the subject of the plan's second part, to be submitted by January 1973.

Cultural Activities Recognizing the value of the arts in modern living, New York annually provides financial support and technical assistance to nonprofit groups active in all art forms. This year a \$14.3 million program will benefit theater, film and dance groups, musical organizations, museums, galleries, and educational television enterprises throughout the State. Special help is given to art groups in ghetto areas. Also contributing to the cultural life of the State is the \$18.6 million in State aid appropriated for its 22 public library systems during 1972-73. At the same time, the State Library in Albany makes its extensive materials available to the public as well as to members of the academic, professional and business communities.

HOUSING AND COMMUNITY DEVELOPMENT . . .

Urban Development A number of innovative programs for urban housing and community renewal are underway in almost every part of New York State. Sponsoring many of these is the State's Urban Development Corporation, created in 1968 to unite public and private resources in the fight against urban decay. Today, UDC has active projects in 58 municipalities, including the development of a "new town" at Lysander, in Onondaga County, and the redevelopment of a residential-industrial complex in Newburgh.

The Battery Park City Authority was established in 1969 to develop a commercial-residential-park complex at the southernmost tip of Manhattan Island in New York City. Now in progress are bulkheading and fill operations that will make 40 man-made acres available next year for the construction of three office towers, related commercial and civic facilities, and about 6,400 residential units.

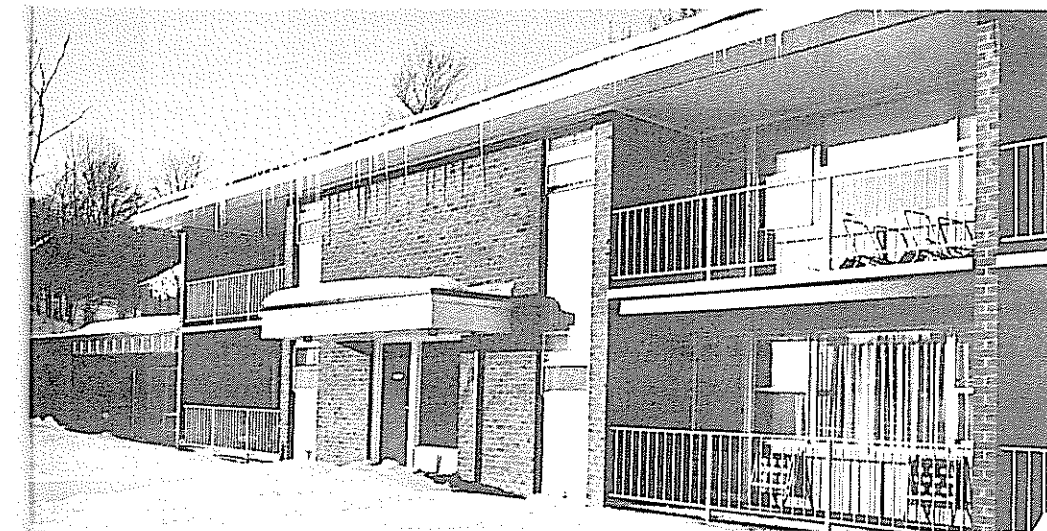
New Legislation Recognizing the growing popularity of mobile homes throughout the State, the 1972 Legislature authorized the Division of Housing and Community Renewal to issue a code of construction and installation standards for all mobile

homes manufactured and sold for installation in New York after January 1, 1973; inspection of installations will be made by local officials. Provision is made for reciprocal approval of mobile homes manufactured in other states having similar standards.

Other legislation enacted this year establishes a separate section of the New York City Civil Court to deal with violations of any State or local law regulating building maintenance and operation. Hitherto such violations have been dealt with in the criminal courts, where they have become a heavy burden. In the new civil court section, judges and hearing officers will have expanded authority to consolidate proceedings stemming from the same building, exercise continuing jurisdiction over repeated infractions, and apply appropriate civil penalties in the enforcement of housing standards.

Middle-Income and Publicly Aided Housing Since its creation in 1960, the New York State Housing Finance Agency has been effectively channeling private funds into the middle-income housing market through the sale of notes and bonds. As a result, approximately \$1.4 billion in mortgage funds have been committed to private developers for limited-profit and nonprofit housing, including projects for the elderly and the handicapped. Under legislation enacted this year, the Agency's total bond authorization for such housing was increased by \$500 million to \$2.5 billion. To date, more than 68,000 apartments in 136 projects have been financed by State and HFA bonds.

State support helps build modern housing for middle-income families



A New York City Housing Development Corporation, patterned after the HFA, was established by State law in 1971. This year the Corporation's powers were expanded to permit its participation in joint housing finance ventures with the City and private lending institutions. Its bond authorization was also increased by \$100 million, to \$800 million.

Under its traditional public housing program, the State has invested nearly \$1 billion in 146 projects to provide some 66,000 low-rent dwelling units. Supplementing this public housing effort is the State's Capital Grant Low-Rent Assistance Program, which enables low-income families to rent apartments in middle-income projects. For these public housing programs, including State support of local urban renewal projects, the State has budgeted \$53.2 million for 1972-73.

ENVIRONMENTAL CONSERVATION . . .

A fundamental principle of State policy is the conservation of its many natural resources and the protection of its air, land, and water. The State's Department of Environmental Conservation conducts a broad range of programs to achieve these ends while encouraging the development of compatible

THE 1972 ENVIRONMENTAL QUALITY BOND ISSUE

If approved by the voters in November 1972, the Environmental Quality Bond Issue will permit the State to preserve the three key elements in a quality environment — water, land and air. Of the \$1.15 billion authorization:

- \$650 million will be devoted to improving the State's waters;
- \$150 million will be dedicated to air purity, through facilities controlling emissions;
- \$350 million will permit continued progress in the solid waste disposal projects essential for clean land;
- 81 per cent will be to assist local government facilities;
- 19 per cent will be for State environmental programs.

local programs. The cost of State programs during 1972-73 will total \$60 million, an amount which will be augmented by approximately \$4 million in Federal funds.

Environmental Quality With its Pure Waters Program, enacted in 1965, New York State has led the nation in the fight against water pollution. Since almost all bond funds authorized under the Pure Waters Bond Issue have now been committed, the State is seeking voter approval of a \$1.15 billion Environmental Quality Bond Issue in November 1972. This would not only provide for construction of needed municipal sewage treatment facilities but also enable the State and its localities to control air and land pollution. The \$650 million of the proposed bond authorization that is allocated for water quality will permit direct State grants to localities, as well as funds to match Federal grants for sewage treatment facilities.

State programs to control air pollution are now aimed at meeting by 1975 the air quality standards set by the Federal government. Under 1972 legislation, the Department of Environmental Conservation is specifically authorized to study, monitor and control pollution from automobile emissions, with five cents from each automobile registration fee allocated to meet the cost of this program. Other legislation provides that civil penalties for violations of the Department's regulations on emergency air pollution conditions may now be set as high as an initial \$2,500 plus \$500 for every day of continued abuse.

Over the next 30 years, the volume of municipal and industrial solid wastes is expected to triple. Moneys from the proposed bond issue will allow the State to make further grants to its localities for the construction of approved facilities for treating and recycling such wastes.

Environmental Management The State preserves its wildlife, water, timber, and mineral resources through carefully planned programs of management and care. Marine and coastal resources are protected against erosion and pollution, while State-operated fish hatcheries and game farms ensure the balanced propagation and harvesting of fish and wildlife.

Under the State's Forest Practice Act, damage to both private and State-owned timberlands by fire, disease or insect pests is kept to a minimum. During 1972-73 the State expects to distribute some 16 million seedlings for reforestation projects and respond to more than 10,000 requests from private landowners for forest management advice.

BUSINESS AND INDUSTRY . . .

Economic Development New York shares with other states the effects of the recent national recession on business activity, employment and personal income. The 1972 Annual Report of the State's Council of Economic Advisers, however, sees a gradual resumption of economic health in the State as the nation itself recovers, although some industries will be slower to respond than others.

The State Department of Commerce offers a variety of services to all businesses and industries, whether they are already operating in New York or considering locating here. With offices in Belgium and Canada, the Department has helped both domestic and foreign firms to expand their activities in this state. Its program to promote international commerce is stimulating more than \$120 million in additional exports annually. The Department also provides advice and technical assistance to small businesses here. Regional and field offices throughout the State include five store-front consultation offices in New York City.

The State's Job Incentive Board, created in 1968, encourages private capital to provide jobs in low-income areas by offering special tax credits. To date, 104 firms are participating or have been approved for participation in this program, with a total investment of \$63 million and more than 10,000 jobs created or saved. The New York Job Development Authority, established in 1962, has approved 498 loans to businesses, totaling \$65 million and allowing the creation or retention of some 25,000 jobs.

In order to expedite construction of needed electric generating plants and at the same time safeguard the environment, a new State Board on Electric Generating Siting and the Environment has been established. Before passing on new applications for generating facilities, the Board will hold comprehensive hearings, giving all interested parties a full opportunity to offer appropriate evidence and views.

Agriculture Although New York is rightly considered one of the leading industrial states, its ranking in agricultural production is equally impressive. It is first in the nation as a producer of ducks and maple syrup, and second only to Wisconsin in dairy products, to California in grapes and wine,

and to Washington in apples. Encouraging agricultural enterprise throughout the State, the Department of Agriculture and Markets enforces regulations governing the production, packaging, inspection, and distribution of food products and works to improve both crop and livestock yields. Its marketing services assist growers and packers to improve marketing facilities and organize cooperatives, while daily market reports keep farmers, merchants and consumers abreast of current trends in food prices. The Department's laboratory services ensure quality foodstuffs and fair measurements in accordance with both State and Federal law.

To conserve and protect farmland as a vital component of the State's economy, legislation was enacted in 1971 permitting the designation of agricultural districts for property tax relief. Amendments signed into law this year extend to 1973 the deadline for owners of farmland to apply for special agricultural assessments.

Consumer Protection New York State traditionally regulates financial institutions, insurance companies, public utilities, food processors, stockbrokers and securities salesmen, the alcoholic beverage industry, and all forms of legalized gambling. It also licenses practitioners in a wide variety of occupations, including doctors, dentists, nurses, engineers, architects, barbers, detectives and funeral directors. Complaints of alleged violations of standards of professional conduct are thoroughly investigated, with the Attorney General's office prosecuting the more serious cases: an estimated 3,000 disciplinary and criminal cases will be handled during 1972-73.

The Consumer Frauds Bureau in the Department of Law will handle some 22,500 consumer complaints during the year. The Bureau places emphasis on educating the public concerning illegal and unscrupulous business practices through film presentations, literature, and personal counseling. A Consumer Protection Board in the Executive Department develops programs designed to benefit the consumer public. Legislation enacted this year establishes new standards for enrichment of such foods as rice and pasta products, and requires the manufacturers of bulk food products to label them for weight or count and the selling price per unit of standard measure. A new State Commission on Cable Television will oversee orderly development of CTV facilities throughout the State.

APPENDIX

Table 1. STATE FINANCIAL OPERATIONS

(millions of dollars)

	1971-72 <u>Actual</u>	1972-73 <u>Estimated</u>	<u>Change</u>
Income			
Current revenues	6,781	7,406 ^a	+ 625
New Federal aid .....	.....	450	+ 450
Bond funds	<u>158</u>	<u>104</u>	- 54
Total income	6,939	7,960	+1,021
Less: Repayment of borrowing from the Local Assistance Tax Stabilization Reserve Fund .....	.....	- 66	- 66
Equals: Total usable income ..	<u>6,939</u>	<u>7,894</u>	<u>+ 955</u>
Expenditures			
Local assistance	4,291	4,728	+ 437
State purposes	2,386	2,535	+ 149
Capital construction	564	421	- 143
Debt service on bonded debt ..	<u>181</u>	<u>210</u>	<u>+ 29</u>
Total expenditures	<u>7,422</u>	<u>7,894</u>	<u>+ 472</u>
Deficit	483	.....	- 483
Net first instance advances reim- bursable by the Federal govern- ment, public authorities and localities, temporarily financed from capital reserves	(16) ^b	23	+ 39

^a Reflects estimated receipts of \$7,846 million, less redemption of \$440 million in tax anticipation notes issued to partially finance 1971-72 deficit.

^b Repayments exceeded advances by \$16 million.

Table 2. CURRENT REVENUES

(millions of dollars)

	1971-72 <u>Actual</u>	1972-73 <u>Estimated</u>	<u>Change</u>
Personal income tax	2,516	3,060	+ 544
User taxes and fees	2,613	3,002	+ 389
Sales and use tax	1,533	1,735	+ 202
Motor fuel tax	404	478	+ 74
Cigarette tax	273	325	+ 52
Motor vehicle fees	217	236	+ 19
Alcoholic beverage tax	122	160	+ 38
Alcoholic beverage control licenses	33	33	.....
Highway use tax	31	35	+ 4
Business taxes	1,149	1,298	+ 149
Corporation franchise tax	601	685	+ 84
Corporation and utilities taxes ..	334	381	+ 47
Bank tax	111	122	+ 11
Unincorporated business tax ...	69	75	+ 6
Insurance premium tax	34	35	+ 1
Receipts from other activities	386	379	- 7
Pari-mutuel tax	163	160	- 3
Estate and gift taxes	177	153	- 24
Lottery	35	55	+ 20
Real estate transfer tax	7	7	.....
Other taxes	4	4	.....
Miscellaneous receipts	117	107	- 10
Total current revenues	<u>6,781</u>	<u>7,846</u>	<u>+1,065</u>

Table 3. LOCAL ASSISTANCE FUND APPROPRIATIONS

(thousands of dollars)

Agency or Purpose	1971-72	1972-73 ^a
Education, total	2,611,280	2,704,849
Education Department	2,421,080	2,522,249
Support of public schools	2,257,000	2,374,000
Aid to nonpublic schools	61,000	61,000
Special education programs	56,380	56,149
School lunch and milk program	27,500	11,000
Library aid	18,200	18,600
Physically handicapped children	1,000	1,500
State University	190,200	182,600
City University of New York	98,500	96,200
Community colleges, incl. N.Y.C.	91,700	86,400
Social Services, total	1,044,139	1,228,614
Public assistance and care	1,030,441	1,215,524
Food-on-the-table program	13,698	13,090
Taxation and Finance, total	575,700	567,742
Revenue sharing	459,000	454,717
Counties' share of motor fuel tax	82,000	80,471
Local share of motor vehicle fees	23,200	21,709
Railroad tax relief	11,500	10,845
Mental Hygiene, total	66,962	122,690
Operating aid	60,876	60,500
Facilities construction	6,086	5,090
Narcotic Addiction Control Commission		57,100
Health, total	65,866	77,841
General public health work	39,566	54,016
Operation of medical clinics	13,000	11,680
Nursing home construction	7,000	7,720
Physically handicapped children	4,000	3,000
Laboratories and blood banks	1,900	1,025
Tuberculosis care	400	400
Housing, total	39,510	44,926
Housing subsidies	38,797	39,226
Urban renewal grants		5,000
Urban renewal subsidies	713	700
Environmental Conservation, total	26,370	19,975
Sewage treatment	14,000	14,000
Sewer collection systems	9,000	
Environmental health	2,800	5,250
County environmental councils	250	250
Water resources	142	222
Environmental laboratories	100	175
County reforestation	70	70
Rabies control in wildlife	8	8
Youth, Division for	22,481	20,759
Probation Services	16,250	18,850
N.Y.S. Council on Arts	13,000	13,000
N.Y.C. rent control	8,678	9,578
H.F.A. - low-rent lease account	8,321	8,321
Transportation, town highways	7,448	8,200
Judiciary - Justices' salaries and expenses	4,513	5,014
Miscellaneous	2,645	2,758
Total	4,513,163	4,853,117

^a Excludes allowance for possible deficiency appropriations.

Table 4. STATE PURPOSES FUND APPROPRIATIONS

(thousands of dollars)

Agency or Purpose	1971-72	1972-73 ^a
Mental Hygiene, Department of	411,224 ^b	414,684 ^b
Narcotic Addiction Control Commission	111,766	57,780
State University	418,323 ^c	406,952 ^c
Executive Department, total	185,372	219,473
State Police, Division of	49,560	51,748
General Services, Office of	28,959	39,252
Parks and Recreation, Office of	36,921	35,416
Youth, Division for	8,042	30,189
Military and Naval Affairs, Division of	10,416	10,331
State Identification and Intelligence System	8,683	7,666
Local Government, Office for	7,361	6,798
Alcoholic Beverage Control, Division of	7,108	6,683
Budget, Division of the	4,504	4,700
Housing and Community Renewal, Division of	5,159	4,679
Executive Chamber	5,377	3,981
Human Rights, Division of	3,913	3,800
Planning Services, Office of		2,500
Crime Victims Compensation Board	2,637	2,249
Veterans' Affairs, Division of	2,208	2,162
Board of Social Welfare		1,483
Council on the Arts	1,423	1,324
Welfare Inspector General, Office of	500	1,300
Probation, Division of	785	883
Other Executive agencies	1,816	2,329
Education Department	185,591	191,168
Transportation, Department of	191,144	182,328
Correctional Services, Department of	97,291	113,065
Taxation and Finance, Department of	62,499	60,372
Health, Department of	56,938	49,360
Environmental Conservation, Department of	30,700 ^d	30,060 ^d
Motor Vehicles, Department of	29,073	26,284
Legislature	26,611	24,750
Judiciary	22,866	24,365
Audit and Control, Department of	18,366	18,314
Labor, Department of	19,177	18,291
Law, Department of	17,240	16,909
Social Services, Department of	45,783	14,243
Agriculture and Markets, Department of	12,766	11,887
Civil Service, Department of	12,583	11,378
State, Department of	10,671	10,724
Commerce, Department of	8,465	7,957
Other State agencies and commissions	78,103	63,950
All agencies - salary adjustments	5,875	57,640
General State Charges		
Pension administration, contributions	257,833	301,392
Social Security administration, contributions	58,984	63,498
Health, dental and compensation insurance	67,221	62,641
Taxes on public lands, judgments, etc.	15,105	13,955
Unemployment insurance	5,790	1,741
Other	1,460	1,500
Total current operations	2,464,820	2,476,661
Debt service	223,080	261,552
Total	2,687,900	2,738,213

^a Excludes allowance for possible deficiency appropriations.^b Excludes amount financed by the Mental Hygiene Services Fund.^c Excludes amount financed by the State University Income Fund.^d Excludes amount financed from Conservation Fund.

Table 5. CAPITAL CONSTRUCTION FUND APPROPRIATIONS
(thousands of dollars)

Agency or Purpose	Appropriations		Total Available 1972-73
	Prior in Force April 1, 1972	New 1972-73	
Metropolitan Transportation Authority	663,853	750	664,603
Transportation, Dept. of, total	504,390	151,748	656,138
Highways, parkways, grade crossing elimination	373,086	137,200	510,286
Mass transportation and aviation	105,848	6,606	112,454
Taconic State Parkway	13,248		13,248
Equipment management		5,942	5,942
Accelerated highways	4,023		4,023
Regional offices and shops	1,957	2,000	3,957
Reconstruction and protective devices	3,708		3,708
Canals	1,066		1,066
Miscellaneous	1,454		1,454
Executive Department, total	106,554	59,266	165,820
Parks & Recreation, Office of	65,714	6,081	71,795
General Services, Office of	25,056	53,085	78,141
Youth, Division for	14,454		14,454
Mil. & Naval Affairs, Div. of	1,050	100	1,150
State Police, Division of	280		280
Education, total	35,279	66,524	101,803
Community colleges	2,437	64,404	66,841
State University Construction Fund	17,821	2,000	19,821
State University	14,206	120	14,326
Education Department	815		815
Mental Hygiene, total	75,695	4,537	80,232
Health and M. H. Facilities Improvement Corp.	63,466	4,537	68,003
Narcotic Addiction Control Commission	12,182		12,182
Mental Hygiene, Dept. of	47		47
Correctional Services, Dept. of	26,237	12,716	38,953
Environmental Conservation, Department of	11,292	1,283	12,575
Health, Department of	5,274	539	5,813
N.Y.S. Urban Development Corp.	62	2,000	2,062
Agriculture & Markets, Dept. of	289	50	339
Commerce, Department of	116		116
Social Services, Department of	110		110
All agencies, unapportioned ^a	11,997	2,000	13,997
Total	1,441,148	301,413	1,742,561

^a Includes amounts for rehabilitation and improvement, supplements for construction, and modification of facilities for the physically handicapped, including level or direct access.

Table 6. FUNCTIONAL CLASSIFICATION OF ESTIMATED EXPENDITURES, 1972-73

(millions of dollars)

Function	General Fund	Federal Funds	Other Funds ^a	Total
Education	3,663	438	454	4,555
Social Development	1,351	2,006	138	3,495
Health	1,020	184	233	1,437
Transportation and Travel Safety	916	208	220	1,344
Governmental Affairs	386		173	559
Personal Safety	244	4	30	278
Recreational and Cultural Enrichment	94	5	23	122
Housing and Community Development	83		44	127
Environmental Conservation	68	3	114	185
Business and Industry	44		49	93
Nonallocated general costs	25			25
Total	7,894	2,848	1,478	12,220

^a Other Funds include first instance appropriations not reimbursed from Federal funds; gift and bequest funds; moneys of independent operating funds, such as the Conservation Fund, which have earmarked revenues; and other moneys.

Table 7. NET OUTSTANDING STATE DEBT, March 31, 1972^a

(millions of dollars)

	Long Term	Temporary ^b	Total
Tax-financed			
Transportation capital facilities	949	590	1,539
Highway construction	(833)	(429)	(1,262)
Mass transportation	(107)	(148)	(255)
Aviation facilities	(9)	(13)	(22)
Highway construction	345		345
Mental health construction	147	44	191
Higher education construction	60	95	155
Pure waters	81	31	112
Grade crossing elimination	56		56
General State improvements	1		1
Tax anticipation notes		440	440
Revenue anticipation notes		18	18
Total tax-financed	1,639	1,218	2,857
Financed from other funds			
Housing and urban renewal	708	94	802
Pure waters		80	80
Transportation capital facilities		49	49
Mass transportation	(...)	(34)	(34)
Aviation facilities	(...)	(15)	(15)
Outdoor recreation development	45	41	86
Park and recreation land acquisition	43	5	48
State park system	1		1
Total financed from other funds	797	269	1,066

^a Exclusive of State-guaranteed debt of the New York State Thruway Authority, Port Authority of New York and New Jersey, and Job Development Authority, which is not financed from State revenue.

^b Temporary debt includes \$102.5 million of Bond Anticipation Notes which will be redeemed during fiscal 1972-73 from the proceeds of bonds sold in January, 1972.

Selected Source Material on State Finance

NEW YORK STATE

Annual Reports

- Governor: The Executive Budget [includes Budget Message]
- [Annual] Message to the Legislature
- Division of the Budget, New York State Statistical Yearbook
- Department of Audit and Control: Annual Report of the Comptroller
- Digest of Annual Report of the Comptroller
- Financial Data for School Districts
- Special Report on Municipal Affairs
- State Aid to Local Government
- State Tax Commission, Annual Report of the State Tax Commission
- Education Department
- Analysis of School Finances, New York State School Districts
- State Aid for Elementary and Secondary Education in New York State
- Understanding Financial Support of Public Schools

NEW YORK CITY

- Annual Report of the [City] Comptroller
- The City of New York Executive Budget

UNITED STATES DEPARTMENT OF COMMERCE, BUREAU OF THE CENSUS

- State Government Finances
- Governmental Finances [Federal, state and local]
- State Tax Collections

NEW YORK STATE

Other Reports

- Division of the Budget:
 - Five-Year Projection of Revenues and Expenditures, General Fund, State of New York (1972), 36 pp.
 - Guidelines for Program Analysis and Review (1972), 17 pp.
- Department of Audit and Control:
 - New York State Fiscal Affairs and Debt Structure (1967), 48 pp.
 - Public Authorities in New York State: A Financial Study (1967), 66 pp.
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- Department of Commerce, Taxes and Plant Location in New York and Other Industrial States (1970), 26 pp.
- Department of Taxation and Finance, The New York State and Local Tax System (1970), 63 pp.
- Governor's Committee to Study Per Capita Aid, Final Report, 1970, 45 pp.
- Temporary State Commission on the Constitutional Convention:
 - Report No. 8, State Finance (1967), 186 pp.
 - Report No. 14, State Government (1967), 227 pp.

NEW YORK CITY

- Citizens Budget Commission, Does New York State Short-change New York City? (1969), 23 pp.
- New York Chamber of Commerce, New York City Finances: A Ten-Year Review 1960-61 - 1970-71 (1970), 14 pp.
- Temporary Commission on City Finances, Final Report, Better Financing for New York City (1966), 89 pp.

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- Census of Governments: New York (1967), 91 pp.

O R G A N I Z A T I O N O F T H E E X E C U T I V E B R A N C H

