



I believe that this Budget provides a solid basis from which the State can move with assurance over the coming year as we adapt to changing conditions and needs. It will allow us to make good use of our present resources while we plan for future improvements.

— NELSON A. ROCKEFELLER, Governor
Budget Message, January 16, 1973

Cover drawing by John Mitchell, Grade 6, Woodlawn Middle School, Schenectady, New York.

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EXECUTIVE DEPARTMENT
DIVISION OF THE BUDGET
RICHARD L. DUNHAM, Director of the Budget
Albany, New York, October 1973

This Budget Summary reflects action by the Legislature on the Governor's 1973-74 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 16, 1973, copies of which are available in libraries throughout the State.

FINANCIAL SUMMARY

New York's 1973-74 Budget, as approved by the Legislature, is expected to result in expenditures of \$8,757 million. This represents a decline of some \$124 million below the figure proposed in the Governor's *Budget Message*, due largely to the growing success of efforts to bring public welfare costs under control.

Total State income is estimated at \$8,809 million, also somewhat lower than in the *Budget Message*, primarily due to action suspending the 2 1/2 per cent personal income tax surcharge for income year 1973. These latest estimates indicate a potential surplus in the 1973-74 State Budget of \$52 million.

STATE GENERAL FUND INCOME AND EXPENDITURES

(millions of dollars)

	1972-73 <i>Actual</i>	1973-74 <i>Estimated</i>	<i>Change</i>
Income			
Current revenues	7,875	8,465	+ 590
Less: Repayments of prior years' borrowings ^a	- 513	.....	+ 513
Usable current revenues	7,362	8,465	+1,103
Unrestricted Federal aid	395	230	- 165
Bond funds	56	114	+ 58
Total usable income	<u>7,813</u>	<u>8,809</u>	<u>+ 996</u>
Expenditures			
State aid			
Local Assistance Fund	4,724	5,232	+ 508
Capital Construction Fund	66	127	+ 61
Total State aid	4,790	5,359	+ 569
State operations			
State Purposes Fund	2,518	2,817	+ 299
Capital Construction Fund	272	335	+ 63
Debt service on bonded debt	205	246	+ 41
Total State operations	2,995	3,398	+ 403
Total expenditures	<u>7,785</u>	<u>8,757</u>	<u>+ 972</u>
Excess of income over expenditures	<u>28</u>	<u>52</u>	<u>+ 24</u>

^a Reflects redemption of \$447 million in tax and revenue anticipation notes and repayment of \$66 million to Local Assistance Tax Stabilization Reserve Fund.

1972-73: BACKGROUND . . .

The 1972-73 State fiscal year closed with a modest surplus of \$28 million, reflecting a significant improvement in the State's basic financial condition over the previous two fiscal years. This successful conclusion to the 15-month financial plan adopted in December 1971 marks a restoration of fiscal balance for State government.

1973-74: ECONOMIC DEVELOPMENTS . . .

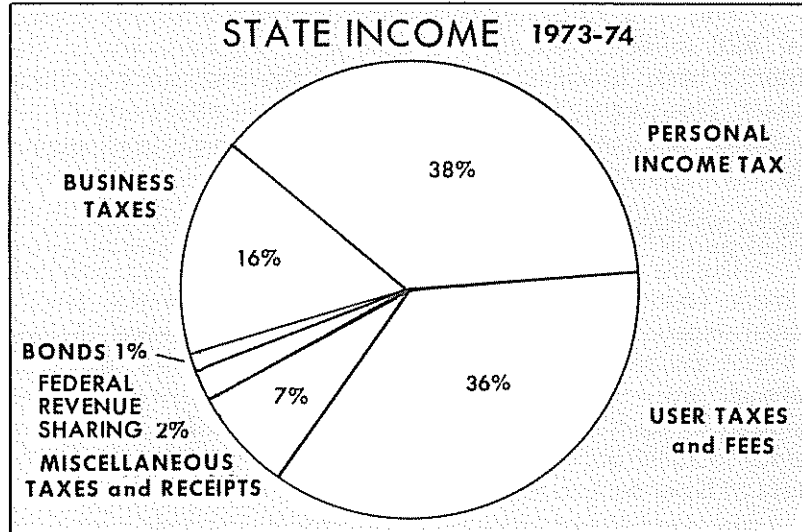
During 1973, the national economy has experienced erratic economic growth accompanied by substantial, largely unanticipated, inflationary pressures. While growth in real output spurted ahead during the first quarter of the year at an annual rate of nearly 9 per cent, the second quarter increase slowed to less than 2 1/2 per cent. In sharp contrast, the rate of price increase during the same two quarters rose from an annual rate of 6 per cent to more than 7 per cent.

In New York, business activity has continued to increase moderately, while unemployment has fallen sharply, to below 5 per cent during August 1973, the most recent month reported. Personal income in New York continued to grow rapidly, up some 8 per cent through the first half of the year, but not as rapidly as U.S. personal income, which rose more than 9 per cent during the same period.

The outlook for the State's economy is for continuing gradual improvement during the balance of 1973. With the extent of the anticipated slowdown in the national economy during 1974 as yet uncertain, the longer-term outlook for the State's economy remains clouded.

STATE INCOME . . .

Total State income is now expected to reach \$8,809 million in 1973-74, an increase of \$483 million over the 1972-73 total of \$8,326 million. This revised estimate of total income is \$72 million less than the 1973-74 *Budget Message* estimate, due mainly to the effects of subsequent 1973 changes in personal income, sales and insurance tax statutes. In addition, lower-than-anticipated growth in business tax collections has more than offset greater-than-expected revenue productivity of some other income sources.



Personal Income Tax Receipts continue to reflect overwithholding attributable to taxpayers' failure to claim additional exemptions to which they are entitled under revised withholding procedures instituted in January 1972. Since overwithholding results in smaller payments with final returns and increased refund claims, the State substantially increased its refund reserve, to \$150 million, at the end of 1972-73.

Subsequent experience has demonstrated the appropriateness of this action. Refunds from January through September 1973 on 1972 income tax liability (the first year of the revised exemption procedures) were nearly \$210 million higher than for returns on 1971 liability during the comparable nine-month period of 1972.

There is still no evidence that taxpayers are claiming, for withholding purposes, the special withholding allowance to which they are entitled. Therefore, the overwithholding that is continuing in 1973 will have the delayed effect of depressing payments in 1974 accompanying final returns on 1973 tax liability; for the same reason, refund claims are expected to remain at a high level next year.

To accommodate these deferred offsets to State tax collections, it will be necessary to reestablish a refund reserve of \$150 million at the end of 1973-74. To also accommodate the deferred impact of suspending the 2 1/2 per cent surcharge on 1973 tax liability, authorized after the 1973-74 Budget was introduced, it will be necessary to establish an additional refund reserve at year-end.

The need to provide an additional reserve more than accounts for the \$55 million reduction, from the 1973-74 *Budget Message* estimate, in estimated personal income tax receipts. The impact on the current year's estimate of this pending adjustment has been partially offset by better-than-expected final payments on 1972 income tax liability in the second quarter of calendar 1973.

Consumption Taxes No major revisions were made in previously estimated revenue from this category. Legislative changes in the sales tax penalty provisions recommended in the *Budget Message* will reduce anticipated revenue from that source by \$10 million. Minor offsetting adjustments occurred in other components of this category.

Business Taxes State corporation franchise tax receipts through September have grown at a slower rate than that experienced during fiscal year 1972-73. The estimate for receipts from insurance taxes is lower than anticipated in the *Budget Message* due, in part, to legislation enacted this year. Receipts from financial institutions are being retarded by the higher cost of attracting deposits and by deposit outflows from mutual savings institutions. Receipts from the State's unincorporated business tax, to which stockbrokers contribute the major portion, are showing a decline from 1972-73 collections, due mainly to the lower volume of stock market activity during most of 1973.

Other Revenues and Miscellaneous Receipts A decline in expected revenue from the volatile estate tax, due primarily to depressed stock market prices, has been largely offset by higher-than-expected revenues from pari-mutuel activity, both on-track and off-track.

The estimate for miscellaneous receipts has been revised substantially upward as a result of a \$15 million reimbursement

from the Federal government for overhead costs incurred in conjunction with Federally aided transportation construction projects and higher-than-anticipated interest returns on the short-term investment of State moneys.

Bond Funds Use of bond funds is expected to more than double, up from \$56 million in 1972-73 to \$114 million in 1973-74. This estimate is predicated on the assumption that the voters will approve the 1973 Transportation Bond Issue and that \$45 million of highway construction can be bonded, thereby freeing up an equivalent amount of current revenues to finance the first installment of proposed mass transit operating subsidies. Although passage of the Bond issue would have a fiscally neutral effect on the 1973-74 Budget, its enactment is essential to assure adequate financing of transportation facilities and services in 1974-75 and future years.

Unrestricted Federal Aid The State share of Federal revenue sharing is expected to total some \$230 million, an increase of \$5 million over the \$225 million estimated in January, due largely to deferred Federal release of some funds held back during 1972-73. The local share of such aid will also increase, by almost \$70 million over State fiscal year 1972-73, to nearly \$450 million.

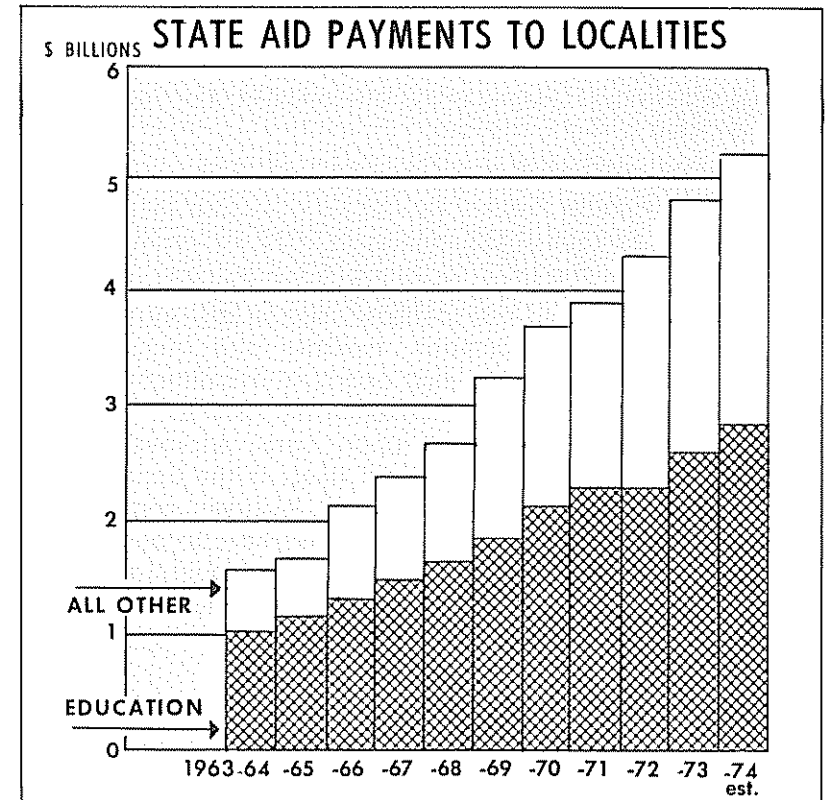
STATE EXPENDITURES . . .

State expenditures are expected to total \$8,757 million in 1973-74, \$972 million higher than actual expenditures in 1972-73. State aid to local governments and charitable institutions, including assistance for capital projects and operating subsidies, accounts for more than 60 per cent of the year-to-year increase.

Total State expenditures, however, are now estimated to be \$124 million less than originally forecast in the *Budget Message* submitted to the Legislature last January, primarily due to two factors. First, the State's welfare reform efforts are proving effective, as reflected in a substantial reduction in projected public assistance spending. Second, solicitation of bids on some highway projects and, consequently, the anticipated pace of capital construction expenditures have been slowed by the Federal government's delay in providing matching funds.

Local Assistance Fund State aid to local governments is forecast to rise to \$5,232 million, or \$508 million higher than last year's record level. Aid for elementary, secondary and higher education will account for almost one-half of the increase, while unrestricted aid to local governments (State revenue sharing) will increase by almost \$100 million.

Significant increases are expected in virtually all other forms of State aid. Welfare expenditures, however, will rise only modestly, as the several reforms adopted in the recent past appear to be stabilizing State spending in this area.



State Purposes Fund Spending for State operations (other than capital construction and debt service) is now forecast at \$2,817 million, an increase of \$299 million from 1972-73.

Substantial increases are expected in spending for both health and educational services. Continuing efforts to improve mental health and retardation services, recently adopted changes in state programs of aid to private institutions of higher education, the expansion of State University and improvements in the State's correctional institutions account for some of the largest projected increases in State Purposes spending. Expanded transportation, recreation and cultural services and improved environmental protection activities will also require significant expenditure increases above 1972-73 levels.

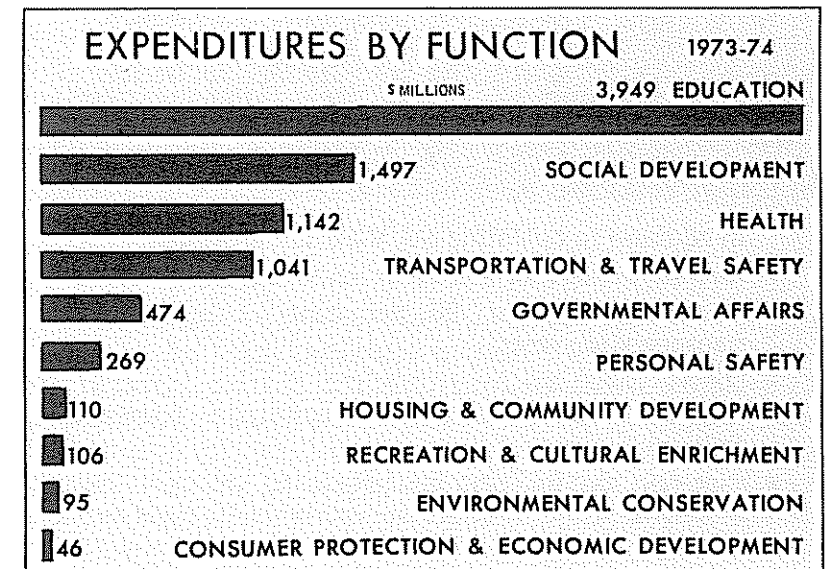
This estimate of State Purposes expenditures reflects the cost of collective bargaining agreements negotiated after submission of the Executive Budget. However, legislative action on the Executive Budget and the State's continuing efforts to control spending by means of expenditure ceilings, elimination or consolidation of programs and other cost-cutting techniques, have effected a slight reduction in the level of State Purposes spending from that originally projected in January.

Capital Construction Fund Capital Construction expenditures are expected to total \$462 million in 1973-74, an increase of \$124 million over the 1972-73 total of \$338 million.

This substantial rise reflects significant increases in construction of transportation facilities and includes \$45 million for payment of the first quarterly installment of mass transit operating subsidies authorized at the 1973 Extraordinary Legislative Session contingent upon voter approval of the proposed new Transportation Bond Issue. If the Bond issue is not approved in November 1973, all highway construction during 1973-74 and subsequent years will have to be financed from current revenues; as a result, the State would not be able to undertake any long-term commitment to help underwrite mass transit operations or to initiate further vital improvements in the State's transportation network.

Community development and environmental protection projects account for most of the remaining increase in construction expenditures.

Debt Service Debt service on bonded debt is expected to total \$246 million in 1973-74, an increase of \$41 million over the 1972-73 level and a rise of \$6 million over the amount projected in January. Both increases largely reflect issuance of additional bonds to refund short-term obligations and, to a lesser extent, rising interest rates.



MAJOR STATE FUNCTIONS

EDUCATION . . . 45 per cent of State Budget

Elementary and Secondary Education Approximately 3.5 million pupils will attend New York's public grade and high schools in the 1973-74 school year. To help provide qualified teachers and adequate classrooms, the State will augment the revenues of local school districts with \$2.6 billion in direct assistance. This is an increase of \$172 million over 1972-73, made possible by a 2 1/2 per cent raise in operating aid to all districts.

In addition to operating aid, the State provides:

- Reimbursement for a share of school construction costs;
- Reimbursement for 90 per cent of approved pupil transportation costs;
- Special urban aid for city school districts trying to meet the extraordinary needs of culturally disadvantaged children;
- High-tax aid for districts unable to maintain essential programs without imposing inordinately high property taxes;
- Textbook aid, for nonpublic as well as public schools, computed on the basis of \$10 per pupil and this year extended to cover the full span of kindergarten through 12th grade.

Concerned with the general rise in school costs, the State is now seeking ways to ensure that its increased aid payments are spent not just to maintain a status quo but for genuine improvement in the content and quality of school programs. A new Office of Educational Performance Review has accordingly been created in the Executive Chamber to investigate and review the effectiveness of public spending for schools and make recommendations for increasing the efficiency and effectiveness of all school programs.



An elementary school art class experiments with fabrics.

State University Now the nation's largest system of higher education, the State University of New York will enroll some 246,000 full-time and 139,000 part-time students on its 71 campuses in the fall of 1973. It is also continuing the development of its highly successful "college without a campus," Empire State College, which this year will give approximately 2,000 persons the opportunity to participate in programs leading to an associate or bachelor's degree without classroom attendance. The University's undergraduate academic programs cover the full range of liberal arts, sciences, and vocational and technical subjects; its graduate courses lead to advanced degrees in such fields as medicine, law, engineering, social work, and public administration. Appropriations totaling \$538 million will underwrite all State University programs during 1973-74.

This year the University has established an Institute for Policy Alternatives to bring together University scholars and representatives of government, industry, labor, and other fields to study major public issues and consider alternatives for action. The Institute will work closely with the National Commission on Critical Choices for America.

To assist the disadvantaged student who wishes further education but cannot qualify for college, the University has

until now operated two six-facility networks: the Urban Centers, which emphasized vocational training, and the Cooperative College Centers, stressing remedial academic courses. The two are now being merged into a single system of Educational Opportunity Centers, designed to provide the particular mix of services most appropriate to the area in which each center is located.

City University of New York City University, the largest municipal university in the country, is an integral part of the State's higher education system, with the State reimbursing New York City for up to half of the University's operating costs each year. In 1973-74 State aid available for the City University will total \$153.6 million.

Private Higher Education Significant steps were taken this year to secure the financial stability of the State's private colleges and universities. In response to recommendations made by the State Education Department and the private Commission on Independent Colleges and Universities, the so-called Bundy aid to eligible private institutions of higher learning has been increased by \$15 million, bringing total appropriations for this program to \$48.3 million for 1973-74. Specific increases are as follows:

- For each bachelor's degree awarded: from \$400 to \$800;
- For each master's degree awarded: from \$400 to \$600;
- For each doctorate awarded: from \$2,400 to \$3,000;
- For each junior college degree awarded, \$300 — the first time such colleges will benefit from this program.

Also established this year was a special emergency fund of \$1.5 million to assist the State's two private dental schools, at Columbia University and New York University. This is in addition to appropriations amounting to \$13.4 million which will allow the State to continue contracting with private medical and dental colleges to meet the cost of training additional doctors. The State will also provide \$4.7 million in assistance to eligible private medical schools, on the basis of \$1,500 for each full-time student enrolled in a Doctor of Medicine curriculum.

Community Colleges The 38 community colleges located throughout the State offer two-year degrees in the liberal arts and such practical sciences as accounting, drafting, and paraprofessional medicine. Their costs are shared by the State, the students, and the counties or other local sponsors, with the State contributing up to 40 per cent of operating costs and 50 per cent of the debt service on construction projects. Appropriations to cover the operating costs of community colleges during the current year total \$112.4 million. Capital appropriations of \$38.5 million will provide the State's share of the cost of purchasing and renovating the University Heights campus of New York University as a permanent facility for Bronx Community College.

Student Assistance New York State offers a wide variety of scholarships, fellowships, and student loans to help those for whom a college or graduate education would otherwise be financially out of reach. Funds are contained in this year's budget to provide:

- 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;
- 4,750 scholarships of \$450 a year for the children of deceased and disabled veterans;
- 235,000 scholar incentive awards, providing up to \$600 a year to qualified applicants;
- 422 scholarships for doctoral candidates at medical or dental schools;
- 2,600 scholarships for students in nursing programs (an increase of 200 over last year).

The State's Higher Education Assistance Corporation, guaranteeing low-interest loans to eligible students regardless of family income, has this year raised maximum annual loan amounts for full-time degree candidates:

- Freshmen and sophomores: \$1,500;
- Juniors: \$1,750;
- Seniors and master's degree candidates: \$2,000;
- Doctoral candidates: \$2,500.

Through its SEEK (Search for Education, Elevation and Knowledge) program, the State provides funds to meet the special needs of the educationally and economically disadvantaged college student. Appropriations amounting to \$34.2 million this year will provide tutorial and counseling services as well as financial assistance for eligible students enrolled at the State University, the City University of New York, community colleges, and private institutions.

SOCIAL DEVELOPMENT . . . 17 per cent of State Budget

Far-reaching changes in Federal policy, stressing more stringent requirements for quality control and performance standards, have led the State to restructure many of its offices concerned with the administration of social programs. Altered procedures in the Departments of Social Services and Labor, the Division for Youth, and the Office for the Aging are designed to improve management techniques and effectiveness measures. Audit capabilities have been strengthened and program areas redefined to ensure tightened controls over all social agency operations.

Income Maintenance and Medical Assistance During the first nine months of 1973-74 an estimated monthly average of 1.8 million persons in New York State will receive some form of income maintenance. (On January 1, 1974 approximately 304,000 persons receiving aid for the aged, blind and disabled will be transferred to the new Federal Supplemental Security Income Program.) State appropriations totaling \$670 million are available for all income maintenance programs over the year. This amount includes a 10 per cent increase in payment rates for recipients of Aid to Dependent Children and Home Relief to restore benefits cut back in 1971.

Under the State's federally assisted Medicaid program, comprehensive health services are provided for those unable to afford the high cost of medical care. Recent changes in Federal law, together with sharp increases in health care costs, have forced the State to expand its Medicaid spending: during 1973-74 an estimated monthly average of 1.1 million persons will receive Medicaid benefits, underwritten by State funds amounting to approximately \$543 million.

Because income maintenance and Medicaid payments represent so large a portion of State spending for social development and the current system of welfare administration is open to so many inequities and inefficiencies, an effort is underway to achieve savings through State assumption of local welfare functions. A temporary Division of Local Income Maintenance and Medical Assistance Administration has therefore been created in the Executive Department, specifically instructed to:

- Prepare a plan for State assumption of administrative responsibility for these two functions;
- Examine the responsibilities and roles of the various State agencies administering welfare programs;
- Acquire and operate as a demonstration project the New York City Department of Social Services' computerized register of welfare recipients and payments.

The new Division will complete its work by the end of the fiscal year, when a permanent agency is expected to be established to administer the newly developed programs. To facilitate the

Many State programs are aimed at improving conditions for migrant workers.



operations of such an agency, the State Department of Social Services now includes an Office of Management Planning and Data Processing.

Supportive Social Services The State continues to press for moderation of the ceiling on Federal aid for social services that was imposed by Congress in 1972. Most severely affected by the ceiling have been the State's child care services, notably day care. A special State appropriation of \$15 million for day care services during 1973-74 has therefore been made available, to provide \$10 million for New York City and \$5 million for upstate areas. To meet Federal requirements for the placement of children in foster homes, the State now requires a judicial determination in voluntary placement cases, and a central computerized registry of instances of child abuse has been established to contain information gathered by local social services departments throughout the State.

Programs for the Aging The New York State Office for the Aging directs and coordinates a variety of programs to meet the special needs of the three million persons in the State who are 60 years old and over. Fresh impetus for many of these programs has come from the 1973 amendments to the Federal Older Americans Act, and the Office is now working with the Department of Social Services to make sure that the comprehensive services specified in the Federal statute are available to as many of the State's elderly as possible. Already 17 new county offices for the aging have been established under State direction in areas where they can be expected to serve over 80 per cent of the State's senior population. These centers will coordinate the revised Federal program of Nutrition for the Elderly under which many older persons receive five hot meals a week; the new program will begin operating in New York by December 1973 under a Federal grant of \$8.9 million.

Adequate housing is a perennial concern of the elderly, whose small fixed incomes are often inadequate to cover increased rent charges or property tax levies. In 1967 the State-supported Empire Housing Foundation was established to encourage the sponsorship of senior citizen housing, and for the past several years the New York State Housing Finance Agency has made direct loans covering 100 per cent of the project cost

of nonprofit housing for the elderly and handicapped. As of April 1973 more than 50,000 housing units for the aging were completed, under construction, or in design under various State-assisted programs. Meanwhile, under State legislation originally enacted in 1966, some 1,565 municipalities throughout the State now grant partial property tax relief to low-income homeowners age 65 and over and to landlords who rent to the elderly.

Youth Programs In its concern for the number of young people at odds with society and the law, the State works closely with community groups to prevent delinquency whenever possible through programs of physical and social development. The State Division for Youth includes a professional field staff, assigned to 13 district offices, which regularly meets with local youth officials to coordinate jointly funded projects and provide technical assistance. During 1973-74, State appropriations totaling \$11 million will support delinquency prevention programs in over a thousand communities.

Through its Rehabilitative Services Program, the Division for Youth is also responsible for the temporary care, treatment, and rehabilitation of predelinquent and delinquent youths. Its 43 residential facilities include 5 major training schools, 5 special residential centers, 1 home, 3 youth development centers, 5 short-term treatment centers, 5 camps, and 2 aftercare units. The State also provides 50 per cent reimbursement for the cost of local detention and treatment facilities. Appropriations totaling \$53.9 million will finance these youth programs during 1973-74.

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 State's Division of Human Rights, working closely with community agencies and private businesses, encourages participation in local antidiscrimination programs and the recruitment of minority workers. It also investigates some 3,500 complaints of discriminatory practice annually and processes cases referred to it by the Federal Equal Employment Opportunity Commission. An independent four-member Human Rights Appeal Board, appointed by the

Governor, is authorized to review, on appeal, any finding made by the Division.

Services to Veterans The State's Division of Veterans' Affairs administers a variety of programs to ensure that all veterans residing in New York receive the benefits to which they are entitled. Two one-stop centers in New York City help returning veterans determine the services they need to adjust to civilian life; facilities for further counseling are located in every county throughout the State. Specific State benefits for veterans include:

- An annual program of 600 scholarships, providing \$350 a year for four years, for Vietnam veterans who served at any time between October 1, 1961 and March 29, 1973;
- Tuition deferments by the State University of New York, the City University of New York, and all community colleges for needy veterans who are awaiting Federal payments for which they have qualified;
- Up to \$5,000 in real property tax exemptions;
- Preference in middle-income housing projects for Vietnam veterans or their widows;
- Point preference in New York State civil service examinations.

Labor All workers in New York are protected by standards of safety, wages, hours, and bargaining practices enforced by the State Department of Labor. A new Occupational Safety and Health State Plan, approved by the Federal government in May 1973, expands the State's safety jurisdiction and enables it to qualify for up to 50 per cent Federal reimbursement of the cost of special safety and health programs. Enforcing minimum wage laws and agreed-upon wage contracts, the State Department of Labor seeks restitution in all cases of underpayment: in 1972 it collected more than \$5.3 million in unpaid wages owed to 35,580 workers.

Through its newly reorganized Division of Manpower Services, the Department administers a variety of job-placement and job-training programs, several specifically benefiting returning veterans and welfare recipients. Employment offices across the State offer job counseling to all who request it,

utilizing computerized systems that match job openings with individual skills. The Department also oversees workmen's compensation and disability benefit programs and assists in the settlement of labor disputes.

HEALTH . . . 13 per cent of State Budget

Public Health Through programs of its own and by supporting local programs, New York State seeks to ensure that effective health services are available to its citizens at all times. During 1973-74, the State will spend approximately \$150 million for this purpose.

Two State hospitals treat patients suffering from cancer or physical handicaps, and a third facility cares for veterans and their eligible dependents. Four State institutes conduct research in cancer, kidney disease, birth defects and burn treatment. Medical research staff of the State Department of Health are conducting special projects in the diagnosis and treatment of gonorrhea, lead and mercury poisoning, and sickle cell anemia. A recent innovation is a "hot line" to the State Department of Health, (518) 474-3000, allowing anyone to call collect for information and advice concerning health matters other than the diagnosis of disease.

Community health activities are supported by State appropriations totaling \$90.7 million and include:

- Maternity and child-care services;
- Protective inoculations;
- Rodent control;
- Laboratory services;
- Family planning counseling;
- Clinical treatment of venereal disease.

Under its Ghetto Medicine Program, the State shares equally in the cost of maintaining outpatient clinics in inner-city areas; an increase in appropriations of \$10 million this year will permit expansion of this program, now operating successfully in New York City and six upstate counties.

Health Care Facilities To meet the need for new and modernized hospitals, nursing homes, and health-related facilities, the State began making low-cost loans to nonprofit sponsors in 1965. This program is now nearing completion. By 1975 a total of 50,000 additional hospital and nursing home beds will have been provided in municipal, voluntary and proprietary institutions throughout the State.

Thus far these improvements have been financed largely by the New York State Housing Finance Agency. The creation this year of the State Medical Care Facilities Finance Agency will permit the funding of future health-related construction through bond authorizations of \$2 billion for voluntary hospitals and nursing homes and \$1 billion for municipal health facilities. The State's Dormitory Authority is also making low-cost loans to voluntary hospitals across the State wanting to upgrade or expand their equipment and buildings.

A State Hospital Code, established by the Department of Health, is enforced through periodic inspections of all premises so that the quality of hospital and nursing home care remains consistently high.

Health Care Costs The State seeks to control rising hospital and nursing home costs by mandated cost accounting systems and specific standards for rate-setting. Under the Medicaid

Psychotherapy through group drama is used in the alcoholism rehabilitation unit of a State hospital.



program it also establishes and reviews the fees charged by physicians, dentists, optometrists and other medical practitioners and suppliers. Notwithstanding these efforts, however, hospital costs remain the largest single component of all medical care expenditures. The State is therefore studying such possible alternatives as home health services and improved outpatient treatment facilities.

Mental Health One of the oldest responsibilities of New York State is the care and treatment of its mentally ill and retarded. In 1973-74 the State will spend:

- \$719 million to operate the State-owned facilities administered by the Department of Mental Hygiene, including 68 hospitals and schools;
- \$85 million to support locally operated community mental health and retardation facilities now being developed in every county and major urban area;
- \$15 million for the scientific research into the diagnosis, treatment, and rehabilitation of the mentally disabled that underlies all State care and is conducted at the New York Psychiatric Institute, the Institute for Basic Research, and 14 State hospitals and schools.

Legislation enacted this year will provide for further integration of State and local mental health programs. Under the "Unified Services" concept, localities may enter into agreements with the State whereby both will share in the planning for and financing and delivery of areawide prevention and treatment services. Central to any such arrangement will be delivery of the most appropriate services to each patient, whether in a State or local facility. An evaluation system will permit joint State-local scrutiny of the services provided in any given area.

The State is also concerned with the rising incidence of alcoholism, estimated to be costing employers more than \$100 million a year in absenteeism and to be involved in 50 per cent of all traffic accidents. Ten alcoholism rehabilitation centers at eight State hospitals provide intensive inpatient treatment, and demonstration grants are made to localities to encourage the development of needed community services. The recently

created Research Institute on Alcoholism at Buffalo is now embarked on a comprehensive study of the causes of alcohol abuse and appropriate treatment patterns.

Drug Abuse With the enactment this year of its new comprehensive drug program, New York State now has the strongest anti-drug laws in the nation. On the one hand, stiff new penalties are designed to deter or remove from society persons selling narcotics, amphetamines, barbiturates, or hallucinogens. On the other, significantly expanded treatment facilities are aimed at treating addicts honestly anxious to be helped.

**THE STATE'S NEW EMERGENCY DANGEROUS
DRUG CONTROL PROGRAM**

The State's new comprehensive anti-drug laws went into effect on September 1. Appropriations totaling \$66.8 million will underwrite the new program, which provides for:

- Mandatory prison sentences for all felony convictions for the sale or possession of narcotics, amphetamines, barbiturates, and LSD;
- Stiffened penalties for the unlawful possession of any controlled substance;
- Strict limitations on plea bargaining;
- Expanded judicial staff and facilities to process drug-related cases;
- Expanded State treatment programs for drug abusers, providing immediate treatment in a State facility without waiting for civil commitment;
- Sufficient correctional facilities to house convicted offenders;
- New penalties for certain designated drug-related crimes, including bribery or other official misconduct.

The former Narcotic Addiction Control Commission, renamed the Drug Abuse Control Commission, is now able to treat not only narcotic addicts but users of nonnarcotic drugs as

well. Appropriations totaling \$164 million will enable the Commission to assure treatment for 65,000 addicts. An intensive publicity schedule has already alerted all addicts to the availability and advisability of early treatment and given ample warning of new punitive provisions in the law. Appropriations amounting to \$72.5 million will allow State support of local drug abuse programs.

Appropriations totaling \$36.5 million will provide the expanded judicial and correctional services made necessary by the new laws, which authorize up to 100 additional judicial parts, including the necessary judgeships and auxiliary court personnel. Courtroom and prison capabilities are being expanded, and additional staff is enabling the Division of Criminal Justice Services and regional criminal justice committees to administer and monitor the new drive against drug abuse.

**TRANSPORTATION AND TRAVEL SAFETY . . .
12 per cent of State Budget**

With the publication this year of the Department of Transportation's *Statewide Master Plan for Transportation in New York*, the State now has a blueprint for a unified network that will integrate all modes of transportation and travel. To help provide the funds to underwrite the new plan, a \$3.5 billion Transportation Facilities Bond Act has been enacted and will appear on the ballot in November 1973. Of the total bond issue, \$2.1 billion would be devoted to mass transit projects and \$1.4 billion to highways. Approval of the issue will also free other State funds, making it possible for the State to keep local bus and subway fares at the 35-cent level for at least two years.

Mass Transportation Adequate mass transportation and commuter facilities in all urban and suburban areas continue to be a major goal of New York State government. With mass transit funds from the 1967 Bond Issue now fully committed, additional bond moneys are needed, particularly if the State is to take advantage of recently liberalized Federal policies regarding the use of Highway Trust funds for mass

transportation purposes. A favorable vote on the proposed new issue will permit the State to expand its efforts for improved commuter facilities in the New York metropolitan area and for expanded bus service and rapid transit facilities as provided by the four upstate regional transportation authorities in the Capital District, central New York, Niagara Frontier and Rochester-Genesee areas.

Highways and Streets Highway appropriations for 1973-74 include \$40 million to enable the State to continue reconditioning and preserving the 12,000 miles of roads which, though not expressways, accommodate most of the State's vehicular traffic. This program includes not only rehabilitation of paved road surfaces but highway shoulders, ditches, signs, and rights-of-way. The State also assists its 931 towns to repair and improve their highways; \$8.2 million will be available for this purpose during 1973-74. All counties and New York City will receive \$102 million as their share of the State's revenues from the motor fuel tax and motor vehicle registrations, which they can use for highways and other transportation purposes.

Waterways The Department of Transportation operates, maintains, and repairs the State's 522-mile Barge Canal System, which extends from Lake Champlain across the State to Lake Erie. Widely used as a recreational waterway, the Canal System also carries some 2.5 million tons of commercial cargo each year. Appropriations of \$16 million will finance canal operations during the current year and permit necessary capital improvements.

Traffic 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 the safe and efficient movement of people and goods. The State requires that all drivers be tested for licensing and all motor vehicles inspected as well as registered; effective this year, the Department of Motor Vehicles also supervises the registration of pleasure vehicles such as motorboats and snowmobiles.

Although the Federal Traffic Operations Program to Increase Capacity and Safety (TOPICS) is no longer separately funded, such projects as traffic control systems, pavement marking and channelization, loading and unloading zones, and



The State is adopting a new Federal system of traffic signs.

certain grade crossing eliminations will continue to be eligible for Federal reimbursement from other Highway Trust Fund apportionments. The Federal share of such projects is increased from 50 per cent to 70 per cent in Federal fiscal year 1973-74. The State is also adopting the new Federal color-coded system of signs, signals, and pavement markings which emphasizes symbols rather than words. Under the new system the color red indicates a prohibition, yellow a general warning, orange a construction warning, and black-on-white such regulations as speed limits.

GOVERNMENTAL AFFAIRS . . .

Of the \$473.9 million which the State expects to spend on general governmental affairs, approximately \$72.8 million will be for the operation of the legislative and judicial branches of State government. Thus \$401.1 million, or some 5 per cent of total State expenditures, will be spent on such vital functions as the collection of revenues, legal affairs, budgeting, personnel transactions, long-range planning, the auditing of accounts, and the purchase and maintenance of equipment and buildings. Other direct State services to municipalities and the public include:

- Protection against consumer frauds;
- Maintenance of election and other public records;
- Auditing municipal finances and personnel services;
- Establishment of equalization rates to help assure fair assessment and taxation of real property.

Intergovernmental Relations Last year, Federal revenue sharing was inaugurated retroactive to January 1972. Direct payments to the State covering the period January 1972 through June 1973 have amounted to approximately \$300 million; during Federal fiscal year 1973-74 the State will receive some \$227 million. These moneys are added to the State's General Fund and apportioned among numerous State programs according to priorities established by the Executive Budget.

Cities, counties, towns, and villages in New York will not only receive \$455 million in Federal 1973-74 revenue sharing funds paid them directly, but will also participate in the State's own revenue sharing program. Under the State program, they are allocated an amount equal to 18 per cent of the prior year's personal income tax collections. During 1973-74 approximately \$548.7 million in State revenue sharing moneys will be distributed to localities to spend as they see fit; the State requires no accounting for these moneys other than that they be used for governmental purposes.

The State acts in a variety of ways to assist its localities in times of emergency. During 1973-74 an appropriation of \$7 million will provide for property tax abatements on real property damaged by Hurricane Agnes in 1972, while legislation

has been enacted which doubles the investment credit under the State's corporation franchise tax for moneys invested in the rebuilding of flood-stricken manufacturing facilities. Under all State aid programs this year, localities will receive \$5.2 billion, an amount representing almost 60 per cent of total State expenditures. New York continues to rank first in the nation in its assistance to local governments.

The Office for Local Government, Department of Audit and Control, Department of Civil Service, and Office of Planning Services are among the many State agencies which provide a wide variety of advisory, planning, legal, and training services to municipal governments. A Temporary State Commission on State and Local Finances has been established this year to make a comprehensive review of all local assistance programs in terms of the efficient delivery of services at the local level and the most effective possible use of both State and local resources. The Commission will make an interim report on its findings by March 1, 1974 and a final report by March 1975.

Public Employees Adequate salaries and improved employee benefits have enabled the State to compete with the private sector in attracting and retaining skilled, capable workers — an essential ingredient in providing the high-quality service the public has a right to expect from its governmental agencies.

Negotiations this year concerning the terms and conditions of employment for the majority of State employees resulted in a three-year agreement providing for pay increases of 6 1/2 per cent effective April 1, 1973 and 5 1/2 per cent effective April 1, 1974, with salaries for the third year to be negotiated at a later date. The \$6,000 salary minimum guaranteed to State employees after one year of service is continued, and in the second year of the agreement employees with two years of service will be guaranteed \$6,500. Other benefits include the introduction of a more effective and expeditious disciplinary procedure, augmented training and educational programs for employees to provide for self-improvement and enhanced on-the-job performance, and improvements in the State's health and dental insurance programs. Under separate agreements reached with the State Police negotiating units and the Security Services Unit (which consists of correction officers and other

security personnel), employees received salary increases varying from 5 1/2 to 6 1/2 per cent, effective April 1, 1973.

The first major statewide public pension reform in over 50 years, affecting eight retirement systems, was enacted this year. Included in the program are measures designed to correct serious abuses in public pensions and expected over the years to produce hundreds of millions of dollars in savings to the taxpayers of the State and local governments.

Major features of the reform program directly affecting benefits for new public employees include the following:

- For most employees there will be ceilings on the employer-paid benefit;
- The normal retirement age for most general employees has been increased from 55 to 62, with early retirement permitted only on a reduced benefit basis;
- A minimum of five years of service will be required in order to retire;
- The salary upon which benefit formulas are based has been redefined to require use of a three-year average and to exclude or minimize the impact of unusual payments made shortly before retirement which would otherwise distort pension benefits.

A moratorium was imposed on retirement improvements until April 1, 1976 and pensions will no longer be a subject of negotiations within the meaning of the Taylor Law. Instead, a new system of coalition negotiations will be established for all public employers and employees to prevent the leapfrogging which in the past has greatly escalated the cost of public employee pensions. The Insurance Department's supervisory responsibility over public pension systems was consolidated and strengthened.

PERSONAL SAFETY . . .

Crime Control and Safety The State's Division of Criminal Justice Services was created last year to coordinate in a single agency responsibility for crime control planning, crime

information collection, and local police training. This year the Division has been asked to work jointly with the Administrative Board of the Judicial Conference to implement the new Emergency Dangerous Drug Control Program as it pertains to the courts, to monitor the progress of the program, and to administer the payment of rewards for information leading to the conviction of drug dealers. The Division will also collaborate with local criminal justice officials to ensure that prosecutions under the new drug laws are both timely and expeditious.

Two units in the Department of Law, each headed by a Deputy Attorney General, are empowered to investigate and prosecute specific violations of State and Federal law: the Statewide Organized Crime Task Force is concerned with criminal activities that cross county lines or involve the State and other jurisdictions; the Office for Investigation of the New York City Criminal Justice System is exploring allegations of corruption involving public officials of the City.

Correctional Services With 1973-74 appropriations totaling \$138 million, the State is operating 18 correctional facilities, with an average population totaling 14,700 inmates, and supervising some 13,700 persons on parole. During the past few years, the State's Department of Correctional Services has been developing a number of programs aimed at improving the level of services to inmates and humanizing the prison environment:

- The temporary release program for prisoners has been expanded to permit leaves for education and vocational training, special medical care, or emergency family situations;
- Elected Inmate Liaison Committees have been established at all facilities to improve communications between inmates and staff;
- Increased legal assistance is available through the cooperation of various law schools;
- The Department's entire educational program, both academic and vocational, has been analyzed by a task force representing the Education Department, the State University, and the Department of Labor.

The State is also working to expand facilities that offer transitional care to inmates nearing release. The first of several planned Community Correctional Centers is now open, and Residential Treatment Centers are operating in various metropolitan areas to help parolees reestablish themselves in their communities.

Under legislation enacted this year, the State Commission of Correction has been transferred from the Department and established as a separate agency in the Executive Department with expanded duties and powers. It will undertake independent studies of correctional programs, establish grievance machinery to hear inmate complaints, and advise the Governor directly concerning new policies and procedures.

Probation A valuable alternative to institutional commitment, probation allows offenders to remain in their own communities throughout their terms of correction. The Division of Probation supervises probation programs throughout the State, training both State and local personnel. Full probation services are provided at State expense to three upstate counties, Fulton, Montgomery, and Warren. New York City and 53 other counties have probation programs of their own and receive up to 50 per cent State reimbursement for certain of their costs. Total State aid for local probation services during the current year will amount to \$19.8 million.

State Police The State Police with its supporting staff now numbers over 4,000 and reflects the State's recently successful efforts to recruit minority members and — for the first time in State history — women as troopers. All are trained at the Police Academy in Albany. Although patrolling the State's highways is its most visible duty, the State Police is also the primary police agency in rural and suburban areas of the State and is thus responsible for the investigation and prosecution of many criminal activities. The State's sweeping new drug abuse control program will directly affect the work of the Narcotics Unit of the Bureau of Criminal Investigation. Of major concern this year is the need to modernize the New York Statewide Police Information Network (NYSPIN) to improve police telecommunications throughout the State by making maximum use of the present computer complex. A Federal grant from the Law



The State Police uncovers a cache of illicit drugs.

Enforcement Assistance Agency is expected to augment State funds for this purpose.

Civil Defense and Protection In the wake of the widespread devastation caused by Hurricane Agnes in the summer of 1972, the State has acted to coordinate all functions relating to emergency disaster activity within a single agency, the Division of Military and Naval Affairs. The Division is now responsible for:

- The Civil Defense Commission, transferred from the Department of Transportation;
- The statewide warning and communications system, transferred from the State Police;
- Fallout shelter protection, transferred from the Office of General Services.

In the event of any disaster, the Division is authorized to formulate a comprehensive plan for Federal, State, and local assistance. It continues to have charge of the State's military forces — the Army National Guard, the Air National Guard, the Naval Militia, and the State Guard.

HOUSING AND COMMUNITY DEVELOPMENT . . .

Uncertainty over the future of Federal housing and urban renewal programs is challenging the State to develop new ways of providing adequate housing for its citizens.

Urban Development Since 1959 the State has helped municipalities eliminate their blighted areas by paying up to 50 per cent of the local share of the cost of a federally aided urban renewal project. Although the U.S. Department of Housing and Urban Development has announced a moratorium on further funding for urban renewal contracts, pending enactment of the Better Communities Act, many communities are depending on State funds to enable them to complete existing Federal contracts. An appropriation of \$36 million will permit the State to maintain this vital program during 1973-74.

Now in its fifth year, the State Urban Development Corporation has started construction on more than 30,000 units of housing in 44 communities and 27 civic, commercial, and industrial projects at a total estimated development cost of \$1.2 billion. Combining both public and private resources, the UDC can finance 40-year mortgages covering up to 95 per cent of the capital cost of projects; its total bond authorization was this year increased to \$2 billion to enable UDC to sustain its high rate of commitment. Conspicuous among UDC's achievements are the renewal and redevelopment projects it has undertaken throughout the State's Southern Tier in the wake of 1972 Hurricane Agnes.

Publicly Supported Housing Since 1960 the New York State Housing Finance Agency has been channeling private funds into the middle-income housing market. To date, its \$1.5 billion in mortgage funds has assisted numerous developers of nonprofit and limited-profit housing, including projects for the elderly. The HFA has also helped the State finance rehabilitation of structurally sound multiple-family dwellings for low- and moderate-income tenants. Under this program the State Division of Housing and Community Renewal offers both tenants and landlords technical advice on the advisability of cooperative tenant ownership and the preservation of neighborhood values through projects of rehabilitation and repair.

Building Codes On behalf of the State Building Code Council, the Division of Housing and Community Renewal administers three codes designed to safeguard the buyers and occupants of varying types of housing:

- The State Building Construction Code, a performance code which sets standards of acceptability for all building construction materials and which has been voluntarily adopted by 592 municipalities;
- The Factory Manufactured Homes Act, which took effect on February 15, 1973 and requires seals of approval on all prefabricated and modular homes sold in the State;
- The Mobile Home Code, which as of January 1974 will require seals of approval on the manufacture and installation of all mobile homes sold or offered for sale in the State.

The Division is also developing a State Building Conservation and Fire Prevention Code to establish standards for the maintenance of existing houses and industrial, commercial and public-use structures, and to ensure their protection against fire or explosion.

New York City Housing Court Effective October 1, 1973 a separate section of the New York City Civil Court will deal exclusively with violations of any State or local law regulating building maintenance or operation and thus speed the prosecution of increasing charges of improper landlord conduct. Both judges and hearing officers will have expanded authority to consolidate proceedings stemming from the same building and exercise continuing jurisdiction over repeated infractions.

RECREATION AND CULTURAL ENRICHMENT . . .

Parks and Recreation As the State's population becomes increasingly urbanized, the demand for recreational facilities steadily mounts. Attendance at State parks during the current year will rise by an estimated million persons over 1972-73, and the number of visitors at the State's many designated historic sites will show a comparable gain. The Office of Parks and Recreation was created in 1970 to centralize in one agency the

administration of the State's 11-region park system, which now comprises 258,000 acres. Appropriations totaling \$39.3 million will finance these activities during 1973-74.

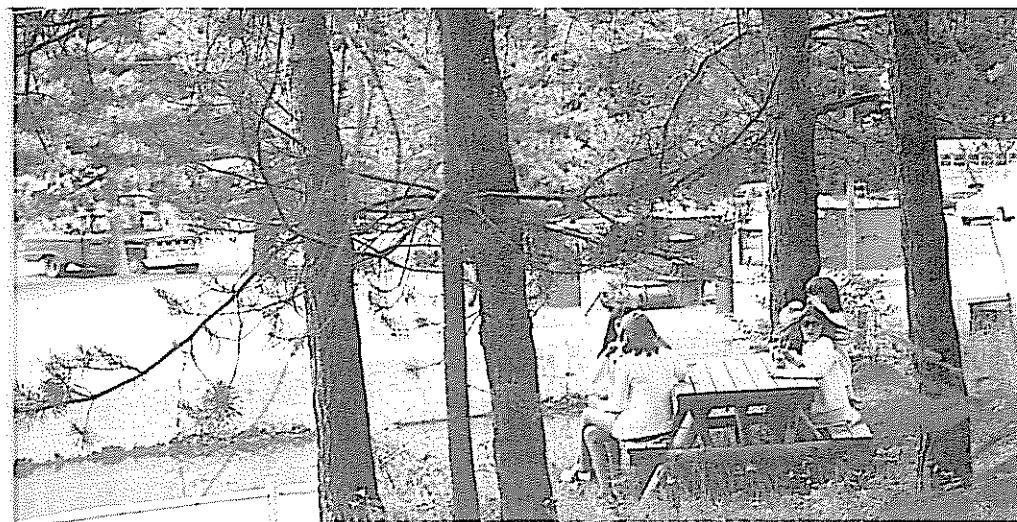
In addition to its traditional campsites and picnic areas, the State's park system contains golf courses, ski areas, snowmobile trails, ice- and roller-skating rinks, fishing areas, hiking trails, boat-launching sites, and ocean, lake and pool bathing facilities. Among several new park facilities opened this year are:

- The Harlem River-Bronx State Park in New York City, the first State recreational facility to be developed in a major inner-city area;
- Six parks and three towpath trailways at locks along the State Barge Canal system;
- A tent and trailer complex in Allegany State Park;
- Minekill State Park in Schoharie County, constructed by the New York State Power Authority as part of the Blenheim-Gilboa Power Project and now turned over to the State for administration.

Municipal park projects are also supported by the State, which provides up to 50 per cent reimbursement for their development.

Adirondack Park Area A mixture of public (38 per cent) and private (62 per cent) land, Adirondack Park covers 6 million acres, the largest wilderness area east of the Mississippi — larger than Yosemite, Yellowstone, Grand Canyon, Glacier and Olympic National Parks combined. Within its borders are 2,300 lakes, 6,000 miles of rivers, 30,000 miles of brooks and streams, 50 species of mammals, 220 bird varieties, 66 fish species, 46 mountains over 4,000 feet, and 2,000 miles of foottrails. To preserve the unique character of the Park, the State's Adirondack Park Agency was created in 1972, charged with developing a master plan for its overall land use. This plan has now been formally adopted by the State. The development of a similar plan for the Catskill area is now under consideration.

Cultural Activities Underscoring the importance of the arts in New York are State aid programs which benefit local libraries, museums, galleries, music, theater, film and dance groups, and



One of several new State parks along the scenic Barge Canal.

educational television programming. The State's Council on the Arts will administer appropriations totaling \$16.4 million during 1973-74. Last year, the beneficiary organizations presented cultural events which attracted more than 75 million admissions. Aid to public library systems has been increased from \$18.6 million to \$22.7 million, funds that will benefit 689 individual libraries throughout the State.

AID TO PUBLIC LIBRARIES

The State this year enriched its formulas for the support of the libraries in its 22 public library systems by:

- Raising from 40 to 45 cents the aid rate per person served by the library system;
- Increasing book reimbursement grants from 30 to 40 cents per person served;
- Increasing grants based on the area served by each system;
- Expanding State support of the Research Libraries of the New York Public Library in New York City from \$2.8 million to \$3.1 million;
- Providing additional aid for central library development;
- Allowing partial State matching of local contributions.

ENVIRONMENTAL CONSERVATION . . .

The publication this year of the draft *Environmental Plan for New York State*, prepared by the State Department of Environmental Conservation, has given New York its first comprehensive blueprint for action to conserve its natural resources and protect its air, land, and water. Hearings have been held throughout the State to discuss the plan and, when accepted by the Governor in final form, it will serve as a long-range guide for the State and all localities in this critical area of public concern.

Water Voter approval by a 2-to-1 margin of the 1972 Environmental Quality Bond Issue of \$1.15 billion, including \$650 million to improve water quality, offers ample evidence of the public's desire to support State programs against pollution. Capital funds amounting to \$251.5 million have been appropriated for the State's share of the cost of the 188 proposed water quality improvement projects thus far authorized under the bond program. These projects are being developed on a priority basis as Federal funds become available. The Department is also conducting research into new water treatment technologies and new sources of water supply. Legislation enacted this year authorizes the State's Job Development Authority to issue loans financing the construction of industrial and commercial water-pollution control facilities.

Air The State is seeking new ways of raising its air quality to a level which will protect not only human health but plant and animal life as well. Regulations have been adopted to govern open burning, dust and odors, and the density of smoke discharges. Of special concern are limits placed on the discharge of contaminants from automobile exhausts and crankcase ventilation systems, and the Department of Environmental Conservation is now seeking an effective method for inspecting motor vehicles to ensure proper maintenance of emission control devices. Meanwhile research continues into the identification, measurement, and analysis of all atmospheric contaminants. Under the 1972 Environmental Quality Bond Act, \$150 million is dedicated to air purity.

Land With land use now termed the "new frontier" of the environment, the State is expanding its efforts to develop a statewide system of land use controls and encourage better land management practices. Under legislation enacted this year, the State has full authority to regulate the operation of solid waste disposal facilities and to determine in advance whether a proposed site is able to meet both visual and effectiveness standards. Other new legislation is designed to promote recycling of solid wastes wherever possible. All municipal recycling projects are now eligible for funds under the Environmental Quality Bond Act, which allocates \$175 million for solid waste disposal projects, and technical assistance for their successful construction is also available.

Environmental Management Through carefully planned programs, the State preserves its wildlife, timber, marine, and mineral resources. During 1973-74 it will:

- Exercise jurisdiction over 3.5 million acres of State-owned land and 2,000 miles of coastline;
- Protect 21.4 million acres of forest against the danger of fire;
- Spray 400,000 acres against black flies and 100,000 acres against gypsy moths;
- Stock lakes and streams with more than 300 million fish;
- Maintain 2,500 miles of forest and wilderness trails;
- Issue 1.8 million hunting and fishing licenses;
- Raise 13 million seedlings at its Tree and Shrub Nursery;
- Respond to 15,000 requests for forest management advice.

The State is helping localities solve the mounting problem of solid waste disposal.



CONSUMER PROTECTION

AND ECONOMIC DEVELOPMENT . . .

Consumer Protection Of mounting concern to the State is the frequency with which the consumer fails to receive fair value for the money he spends. Consumer-oriented State offices created or expanded over the past several years include:

- A Consumer Frauds Bureau in the Department of Law, protecting both consumers and investors through education programs and, when necessary, punitive action against fraudulent business practices, and handling some 36,000 consumer complaints each year;
- A Consumer Protection Board in the Executive Department, newly restructured this year, to develop legislation and act as liaison with other government agencies, private industry, and local consumer groups;
- A temporary commission, created this year at the Governor's request, which will study the cost of living and the economy, placing special emphasis on rents, food prices, and energy shortages;
- A new Racing and Wagering Board, to consolidate the duties of the several racing commissions formerly with the Department of State, the new State off-track betting program, and administration of the State Lottery;
- New inspection services in the Department of Agriculture and Markets to oversee all food-processing plants in the State.

The Education Department examines and licenses a wide variety of professional practitioners, including doctors, dentists, nurses, engineers, architects, barbers, detectives, and funeral directors; all alleged violations of ethical standards on their part are investigated and, if confirmed, prosecuted by the Attorney General's office. Other State agencies oversee the actions of financial institutions, insurance companies, public utilities, real estate developers, stockbrokers and securities salesmen, charitable agencies, the alcoholic beverage industry, and cable television.

Economic Development Although uncertainties in the national economy make it difficult to predict the long-range outlook for any state, New York's economy is on the upswing

after its recent decline. Unemployment in mid-1973 has dropped to 5.1 per cent from 5.9 per cent a year ago, while personal income earned by the State's residents is expected to rise to a record \$104.8 billion in 1973. New York continues to lead the nation in commerce, finance, and manufacturing.

Attracting new business and industry to the State and assisting firms already established here are among the responsibilities of the State Department of Commerce, whose activities lead to the creation of jobs for New Yorkers. During 1972 the Department helped 128 plants to locate or expand in the State, moves that involved 11,349 new jobs, with payrolls estimated in excess of \$90 million. The New York Job Development Authority makes loans to many businesses, enabling them to expand as well as maintain their payrolls and plant facilities.

National pressures for increased exports and a growing interdependence within the world banking community have led the State to broaden its direct representation overseas. With offices in Brussels and Montreal functioning successfully, the Department of Commerce has now opened quarters in Tokyo to promote New York trading interests in the Far East, while a London office of the State's Banking Department will permit on-site examination of overseas branches of New York banks.

The State is exploring ways to alleviate the effects of the present energy shortage. A new Interdepartmental Fuel and Energy Committee, made up of representatives of seven State agencies, is working with private suppliers and officials from other states to develop conservation measures for fuel oil, electricity, and natural gas so that the effect of any shortages will be minimized. Meanwhile the State Board of Electric Generation Siting and the Environment gives careful consideration to all applications for generating facilities to see that urgently needed new construction will not damage the environment.

Special efforts spur minority ownership of businesses in inner-city areas. Operating five street-level field offices in the New York metropolitan area, the State Department of Commerce works closely with the U.S. Small Business Administration to provide federally insured loans to all

qualified applicants, and expects to handle some 14,000 inquiries in 1973. During 1972 minority businessmen obtained loans totaling more than \$2 million. A new State Office of Minority Business Enterprise, created this year, will serve as a focal point for all State programs in stimulating minority enterprise. Meanwhile the State's Job Incentive Board encourages private business interests to expand job opportunities in low-employment areas by offering special tax credits.

Agriculture With some ten million acres of farmland, 33 per cent of its total land area, New York ranks high as an agricultural state, producing more than \$1 billion in marketable crops and livestock annually. At a time of threatened food shortages across the nation, every effort is being made to assure maximum production of the many foodstuffs grown for both in-state and out-of-state shipments. Encouraging the conservation of agricultural acreage in the face of urban development, the State permits the designation of special agricultural districts qualifying for property tax relief. To date, over 650,000 acres in 31 counties have been so designated.

The State Department of Agriculture and Markets enforces regulations on the production, packaging, inspection, and distribution of food products sold in the State. Its marketing services help growers, processors, merchants, and consumers alike, and its laboratories maintain quality products and fair measurements in accordance with both State and Federal law. State programs also control insects and prevent crop and animal diseases.

New York State ranks second in the nation as a producer of fine grapes and wines.



Travel Industry Tourism generates an estimated \$3.7 billion annually for businesses in New York State and benefits the State's cities, parks, ski and beach areas, and camping grounds. To support this major industry, the State Department of Commerce maintains travel information centers in New York City and Montreal and distributes around the world its annual illustrated publication *New York State - Vacationlands*. A new Interdepartmental Committee on the Tourist Industry will coordinate the work of all State agencies promoting travel business throughout New York.

Sports Events Legislation enacted this year provides for the creation of a statewide Sports Authority, with a revolving bond authorization of \$350 million to help finance the construction of local stadiums and other sports facilities for professional and major amateur athletic events.

APPENDIX

**Table 1. FINANCIAL OPERATIONS
OF THE GENERAL FUND**
(millions of dollars)

	<u>1972-73</u> <u>Actual</u>	<u>1973-74</u> <u>Estimated</u>	<u>Change</u>
Income			
Current revenues	7,875	8,465	+ 590
Less: Repayments of prior years' borrowings ^a	<u>- 513</u>	<u>....</u>	<u>+ 513</u>
Usable current revenues	7,362	8,465	+1,103
Unrestricted Federal aid	395	230	- 165
Bond funds	<u>56</u>	<u>114</u>	<u>+ 58</u>
Total usable income	<u>7,813</u>	<u>8,809</u>	<u>+ 996</u>
Expenditures			
Local assistance	4,724	5,232	+ 508
State purposes	2,518	2,817	+ 299
Capital construction	338	462	+ 124
Debt service on bonded debt ..	<u>205</u>	<u>246</u>	<u>+ 41</u>
Total expenditures	<u>7,785</u>	<u>8,757</u>	<u>+ 972</u>
Excess of income over expenditures	<u>28</u>	<u>52</u>	<u>+ 24</u>
Net first instance advances reim- bursable by the Federal govern- ment, public authorities and localities, temporarily financed from capital reserves	(17) ^b	78	+ 95

^a Reflects redemption of \$447 million in tax and revenue anticipation notes and repayment of \$66 million to Local Assistance Tax Stabilization Reserve Fund.

^b Repayments exceeded advances by \$17 million.

Table 2. CURRENT REVENUES
(millions of dollars)

	<u>1972-73</u> <u>Actual</u>	<u>1973-74</u> <u>Estimated</u>	<u>Change</u>
Personal income tax	3,065	3,325	+260
User taxes and fees	2,974	3,171	+197
Sales and use tax	1,734	1,865	+131
Motor fuel tax	451	499	+ 48
Cigarette tax	323	330	+ 7
Motor vehicle fees	241	246	+ 5
Alcoholic beverage tax	155	161	+ 6
Alcoholic beverage control licenses	33	33	....
Highway use tax	37	37	....
Business taxes	<u>1,282</u>	<u>1,380</u>	<u>+ 98</u>
Corporation franchise tax	694	752	+ 58
Corporation and utilities taxes ..	253	276	+ 23
Insurance taxes	155	162	+ 7
Bank tax	107	121	+ 14
Unincorporated business tax ...	73	69	- 4
Receipts from other activities	<u>387</u>	<u>391</u>	<u>+ 4</u>
Pari-mutuel tax	157	162	+ 5
Estate and gift taxes	165	165	....
Lottery	54	53	- 1
Real estate transfer tax	8	9	+ 1
Other taxes	3	2	- 1
Miscellaneous receipts	<u>166</u>	<u>198</u>	<u>+ 32</u>
Total current revenues ...	<u>7,874</u>	<u>8,465</u>	<u>+591</u>

Table 3. LOCAL ASSISTANCE FUND APPROPRIATIONS
(thousands of dollars)

Agency or Purpose	1972-73	1973-74 ^a
Education, total	2,733,917	2,920,612
Education Department	2,522,249	2,654,612
Support of public schools	2,374,000	2,497,000
Aid to nonpublic schools	61,000	61,000
Special education programs	56,149	64,370
School lunch and milk program	11,000	8,000
Library aid	18,600	22,742
Physically handicapped children	1,500	1,500
State University	211,668	266,000
City University of New York	113,168	153,600
Community Colleges, incl. N.Y.C.	98,500	112,400
Social Services, total	1,228,614	1,337,635
Public assistance and care	1,215,524	1,318,905
Food-on-the-table program	13,090	18,730
Taxation and Finance, total	567,742	662,680
Revenue sharing	454,717	549,000
Counties' share of motor fuel tax	80,471	80,471
Local share of motor vehicle fees	21,709	21,709
Railroad tax relief	10,845	11,500
Mental Hygiene, total	122,878	144,658
Operating aid	60,500	64,000
Facilities construction	5,090	8,158
Drug Abuse Control Commission	57,288	72,500
Health, total	77,841	90,686
General public health work	54,016	54,558
Operation of medical clinics	11,680	21,680
Nursing home construction	7,720	5,848
Physically handicapped children	3,000	4,200
Laboratories and blood banks	1,025	4,000
Tuberculosis care	400	400
Housing, total	44,926	76,739
Housing subsidies	39,226	39,761
Urban renewal grants	5,000	36,291
Urban renewal subsidies	700	687
Youth, Division for	20,759	25,500
Environmental Conservation, total	21,767	23,256
Sewage treatment	14,000	15,000
Environmental health	5,250	5,250
County environmental councils	250	150
Environmental laboratories	175	175
Water resources	222	293
County reforestation	70	72
Rabies control in wildlife	8	8
Flood area recovery program	1,792	2,208
Refuse disposal	100	100
Probation, Division of	18,850	19,900
N.Y.S. Council on the Arts	15,000	15,000
H.F.A. — low rent lease account	8,321	10,421
N.Y.C. rent control	11,175	10,100
Transportation, total	12,100	8,200
Town highways	8,200	8,200
Flood area recovery program	3,900	.....
Judiciary — Justices' salaries and expenses	5,020	5,787
Miscellaneous	32,987	18,127
Total	4,921,897	5,369,301

^a Excludes allowance for possible deficiency appropriations.

NOTE: Tables 3, 4, and 5 exclude first instance appropriations.

Table 4. STATE PURPOSES FUND APPROPRIATIONS
(thousands of dollars)

Agency or Purpose	1972-73	1973-74 ^a
Mental Hygiene, Department of	417,915 ^b	471,735 ^b
State University	406,952 ^b	446,177 ^b
Transportation, Department of	182,328	200,902
Education Department — Grants, Aids and Subsidies	158,863	190,420
Correctional Services, Department of	113,070 ^b	124,163 ^b
Education Department — Operations	44,064	63,403
Taxation and Finance, Department of	60,372	62,443
Drug Abuse Control Commission ^c	58,137	61,338
State Police, Division of	51,748	56,831
Health, Department of	49,360 ^b	44,698 ^b
General Services, Office of	39,252	44,618
Parks and Recreation, Office of	35,690	39,267
Judiciary	25,151	34,566
Environmental Conservation, Department of	30,297 ^b	34,420 ^b
Legislature	28,097	29,480
Youth, Division for	30,210	28,411
Motor Vehicles, Department of	26,284	26,810
Law, Department of	17,859	22,257
Social Services, Department of	14,243	19,920
Audit and Control, Department of	18,403	19,738
Labor, Department of	18,292	18,019
Agriculture and Markets, Department of	11,887	12,231
Military and Naval Affairs, Division of	11,154	11,076
Budget, Division of the	5,115	10,985
State, Department of	10,724	10,911
Civil Service, Department of	9,735	10,381
Commerce, Department of	7,957	8,624
Criminal Justice Services, Division of	7,666	8,450
Local Government, Office for	7,073	7,766
Alcoholic Beverage Control, Division of	6,683	6,783
Executive Chamber	3,981	4,906
Housing and Community Renewal, Division of	4,679	4,503
Human Rights, Division of	3,800	3,709
Planning Services, Office of	2,500	2,410
Crime Victims Compensation Board	2,249	2,243
Veterans' Affairs, Division of	2,162	2,201
Board of Social Welfare	1,483	1,769
Public Employment Relations Board	1,653	1,718
Welfare Inspector General, Office of	1,300	1,553
Aging, Office for the	513	1,475
Other State Agencies and Commissions	69,328	58,490
All agencies — salary adjustments	57,640	130,800
Emergency Drug Control Program . . . . .	.....	53,300
General State Charges:		
Pension administration, contributions	303,882	325,956
Social Security administration, contributions	63,498	80,296
Health, dental and compensation insurance	65,739	72,734
Taxes on public lands, judgments, etc.	19,764	13,898
Unemployment insurance	6,999	3,000
Total current operations	2,515,751	2,891,784
Debt service	264,457	301,370
Total	2,780,208	3,193,154

^a Excludes allowance for possible deficiency appropriations.

^b Exclude amounts financed from respective offset funds (Mental Hygiene Services Fund, State University Income Fund, Correctional Services Development Fund, Health Services Fund, Conservation Fund).

^c Formerly the Narcotic Addiction Control Commission.

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

Agency or Purpose	Appropriations		Total Available 1973-74
	Prior In Force April 1, 1973	New 1973-74	
Transportation, Dept. of, total ..	399,779	641,658	1,041,437
Highways, parkways, grade crossing elimination	304,398	214,000	518,398
Mass transportation—operating assistance .....	.....	369,100 ^d	369,100
Mass transportation and aviation	77,125	16,850	93,975
Railroad passenger and freight assistance .....	.....	30,000 ^d	30,000
Taconic State Parkway	10,014	1,705	11,719
Reconstruction and protective devices	2,696	4,033	6,729
Canals	763	5,525	6,288
Regional offices and shops ...	3,406	445	3,851
Miscellaneous	1,377	.....	1,377
Metropolitan Transportation Authority	642,324	1,500	643,824
Environmental Conservation, Department of	51,171	335,479	386,650
Executive Department, total	79,289	117,989	197,278
Parks and Recreation, Office of	56,411	54,501	110,912
General Services, Office of ...	15,674	61,658	77,332
Youth, Division for	6,055	510	6,565
Military and Naval Affairs, Division of	797	1,275	2,072
State Police, Division of	141	45	186
Criminal Justice Services, Division of	211	.....	211
Mental Hygiene, total	54,616	14,897	69,513
Facilities Development Corporation ^a	43,442	14,897	58,339
Drug Abuse Control Commission ^b	11,168	.....	11,168
Mental Hygiene, Department of	6	.....	6
Education, total	65,551	2,949	68,500
Community Colleges	36,334	1,093	37,427
State University Construction Fund	16,354	1,327	17,681
State University	12,726	56	12,782
Education Department	137	473	610
Correctional Services, Department of	19,158	1,206	20,364
Air quality improvements .....	.....	16,050	16,050
Dangerous drug control program .....	.....	13,000	13,000
N.Y.S. Urban Development Corporation	1,353	7,700	9,053
Health, Department of	3,426	.....	3,426
Agriculture and Markets, Department of	262	1,700	1,962
Commerce, Department of	116	.....	116
Social Services, Department of ..	110	.....	110
All agencies, unapportioned ^c ...	7,660	5,600	13,260
Total	1,324,815	1,159,728	2,484,543

^a Formerly the Health and Mental Hygiene Facilities Improvement Corporation.

^b Formerly Narcotic Addiction Control Commission.

^c Includes amounts for rehabilitation and improvement, supplements for construction and modification of facilities for use by the physically handicapped.

^d 1973 Transportation Bond Issue.

Table 6. FUNCTIONAL CLASSIFICATION OF ESTIMATED EXPENDITURES, 1973-74
(millions of dollars)

Function	General Fund	Federal Funds	Other Funds ^a	Total
Education	3,949	498	347	4,794
Social Development	1,497	2,270	139	3,906
Health	1,142	249	172	1,563
Transportation and Travel Safety ..	1,041	238	298	1,577
Governmental Affairs	474	.....	155	629
Personal Safety	269	67	32	368
Housing and Community Development	110	..... ^b	46	156
Recreation and Cultural Enrichment	106	5	31	142
Environmental Conservation	95	4	100	199
Consumer Protection and Economic Development	46	..... ^b	50	96
Nonallocated general costs	28	.....	.....	28
Total	8,757	3,331	1,370	13,458

^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.

^b Less than \$500 thousand.

Table 7. NET OUTSTANDING STATE DEBT, March 31, 1973 ^a
(millions of dollars)

	Long Term	Temporary ^b	Total
Tax-financed			
Transportation capital facilities	1,372	180	1,552
Highway construction	(1,159)	(44)	(1,203)
Mass transportation	(192)	(115)	(307)
Aviation facilities	(21)	(21)	(42)
Highway construction	320	.....	320
Pure waters	189	90	279
Higher education construction	123	49	172
Mental health construction	147	22	169
Grade crossing elimination	50	.....	50
General State improvements	1	.....	1
Total tax-financed	2,202	341	2,543
Financed from other funds			
Housing and urban renewal	746	38	784
Outdoor recreation development	53	46	99
Park and recreation land acquisition ...	38	7	45
State park system	1	.....	1
Transportation capital facilities .....	.....	90	90
Mass transportation	(.....)	(72)	(72)
Aviation facilities	(.....)	(18)	(18)
Pure waters .....	.....	34	34
Total financed from other funds	838	215	1,053

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

^b Temporary debt includes \$144.0 million of Bond Anticipation Notes which will be redeemed during fiscal 1973-74 from the proceeds of bonds sold in January and March 1973.

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