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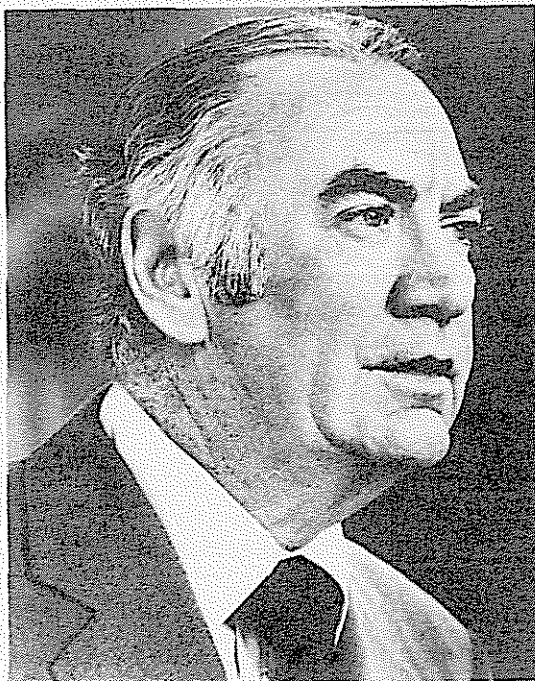
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EXECUTIVE DEPARTMENT DIVISION OF THE BUDGET

C. MARK LAWTON, Director of the Budget
Albany, New York, October 1981



This Budget continues the discipline we have imposed upon ourselves over the past six years, a discipline we have learned is necessary if we are to make intelligent decisions about public priorities while annually reducing the real cost of government.

HUGH L. CAREY, Governor
Budget Message, January 19, 1981

FINANCIAL HIGHLIGHTS

A. 1981-82 OVERVIEW

The Financial Plan adopted in May called for spending approximately \$259 million more than originally recommended in January, including increased aid levels in education, social services and general purpose aid to localities. This higher level of commitments for ongoing program support, supplemented by more than \$200 million in transit aid already committed, will carry forward into 1982-83 and make achievement of a balanced budget more difficult in the coming year.

Revisions in projected spending since the spring now suggest State spending will be \$118 million higher than anticipated in the May plan, largely reflecting increased expenditures for the Judiciary and social services. The latter, in part, reflect the impact of Federal budget reductions on the State Medicaid program.

Total outgo for the fiscal year is also affected by the accounting treatment of a transaction authorized by the Legislature to forgive \$104 million owed the State by the Metropolitan Transportation Authority. The required accounting treatment raises both income and expenditures by \$104 million.

The mid-year review of the State's 1981-82 Financial Plan indicates that a balanced budget remains achievable for the current year. On the revenue side, small, generally offsetting, revisions have been made in expectations for virtually all the individual sources, and estimates of total taxes and fees remain within one percent of the original projection.

The plan now reflects some \$65 million of higher expenditures or lower revenues as a direct result of Federal budget and tax cuts. The first-year effects of the depreciation schedules authorized in the President's tax reduction bill and the initial impact of the Medicaid cuts account for the bulk of the amount.

The 1981-82 Financial Plan continues to contain reserves for contingencies and programs not yet approved. In the May plan these reserves totalled \$264 million. Following agreement on the \$79 million local aid distribution formula and the adoption of a revised Tuition Assistance Program, they have been reduced to \$165 million. This total includes a \$100 million general reserve now expected to be used to make timely refunds on 1981 income tax returns during the final quarter of the fiscal year, \$25 million earmarked to fund the moral obligation requirements of the State's public authorities, and \$40 million for Federal aid disallowances and supplemental and deficiency items.

The projected balance for the current fiscal year depends importantly on several assumptions affecting both revenues and expenditures:

- Despite the current disarray in the municipal credit markets, the plan assumes successful issuance of some \$265 million in new State debt;
- Despite the growing risk of a credit-crunch induced recession, the revenue projections assume a stable State economy during the balance of the State fiscal year;
- Despite the calls for the State to replace lost Federal dollars across a range of affected programs, the expenditure projections assume no substitution of State dollars for Federal aid reductions and avoidance of indirect program impacts wherever possible.

Clearly, one reason for the inability of the State to replace withdrawn Federal program support lies in the impact of the Federal tax cuts on the State's own revenue stream. As adopted, the Federal tax program will have a substantial, growing impact on State personal and business income taxes. The radical revision in depreciation schedules and other tax changes adopted in Washington will reduce State revenues by more than \$750 million annually by the fifth year. In combination with State tax reductions enacted this spring, the State will have foregone nearly one-fifth of its originally projected growth in revenue over the next five years.

Such a massive business tax reduction program, if not modified, would severely constrict the ability of the State to fund existing programs within the current revenue structure and virtually precludes State assumption of formerly Federal program responsibilities.

Another reason for the inability of the State to replace withdrawn Federal aid is that it does not have the ability to finance such spending increments within its recurring revenue structure. The spending level achieved this year has been made possible only by the application of more than \$660 million in nonrecurring revenue, ranging from some \$325 million of prepaid personal income tax refunds to transfers of idle fund balances worth approximately \$150 million. Either this revenue must be replaced on a recurring basis in 1982-83 and thereafter, or offsetting reductions in existing State-funded programs must be accomplished.

B. OUTLOOK FOR 1982-83

Pursuant to Chapter 405 of the Laws of 1981, the form and structure of the State's accounting and reporting systems will be substantially revised over a period of years. In 1982-83, the scope of the traditional financial plan will be significantly expanded. Inasmuch as final decisions on the precise extent or final form of that expansion have not yet been made, it is not possible to present projections for the 1982-83 fiscal year that will track to the Executive Budget presentation in January of 1982.

Preliminary projections, based on the present statutory General

employment totals now appears distinctly less probable, and any sustained expansion appears deferred until well into the 1982-83 fiscal year for national and State economies alike.

D. INCOME HIGHLIGHTS

Estimated total revenues for the 1981-82 fiscal year of \$16,804 million, including the \$104 million resulting from the MTA first instance write-off, remain within the range anticipated in May.

The estimates reflect the current-year loss of some \$35 million in revenue as a result of Federal tax reductions and \$75 million in tax relief enacted by the State. The Federal program as finally adopted will have a dramatic impact on State revenues, with the estimate of revenue foregone by 1986 exceeding \$750 million.

The growth in total revenue between 1980-81 and 1981-82 of \$1,622 million reflects both increases in nominal levels of economic activity and the application of approximately \$660 million in non-recurring revenue.

This latter amount reflects the prepayment of \$325 million in personal income tax refunds during the 1980-81 fiscal year, approximately \$134 million in transfers from the State Insurance Fund and the State of New York Mortgage Agency, some \$125 million in accelerated tax collections, \$52 million in retroactive mental health reimbursements, and approximately \$24 million in other miscellaneous transactions. The absence of comparable transactions in the 1982-83 fiscal year will add significantly to the problems of balancing the coming year's Financial Plan.

This 1981-82 revenue replaced some \$400 million in essentially nonrecurring revenue received in 1980-81 (approximately \$220 million in retroactive mental health reimbursements and \$186 million in Federal revenue sharing) and helped offset the impact of approximately \$300 million in tax reductions initially effective in 1981.

Anticipated total bond fund requirements have been reduced to \$240 million to reflect current municipal credit market conditions and revised capital spending expectations. Net income on account of first instance transactions, reflecting the MTA write-off noted above, has been increased to \$122 million.

Personal Income Tax

The estimate of collections under the State personal income tax has been revised upwards slightly to \$8,015 million, reflecting moderately higher than anticipated payments accompanying final returns and an increase in the number of taxpayers filing declarations of estimated tax. Included in the estimate is the impact of the October first change in withholding tables to give effect to both the increase in the standard deduction and the higher personal exemption enacted last May. It is estimated that this change will reduce collections by some \$45 million during the balance of this fiscal year and by approximately \$100 million in 1982-83.

The estimate also assumes the payment of \$100 million in refunds on 1981 income year returns during the final three months of the State fiscal year, down from approximately \$425 million paid during the comparable period of the 1980-81 fiscal year.

User Taxes and Fees

Revenue from user taxes and fees is now estimated to total \$4,427 million in the current fiscal year, or \$15 million more than anticipated in May. Two-thirds of this increase is in expected sales and use tax collections, primarily reflecting a somewhat less-than-estimated net additional loss under the home energy exemption. The sales and use tax is now expected to yield \$3,140 million. This estimate anticipates growth of just over 11 percent in the continuing sales and use tax base.

Other user taxes and fees are now estimated to yield \$1,287 million, or \$5 million more than forecast in May. Estimates for the cigarette, motor fuel, and highway use taxes have been increased modestly and the alcoholic beverage tax estimate decreased slightly to reflect collection experience to date.

Business Taxes

Receipts from business taxes are estimated at \$2,300 million, a change of \$3 million from the May 1981 estimate. This change reflects increases of \$33 million in estimated corporation franchise and corporation and utilities tax receipts, and decreases of \$30 million in expected tax receipts from banks and insurance companies.

The increase in the estimate of corporation franchise tax receipts is based on collection experience to date, despite indications of an essentially flat national economy and the uncertainty introduced by Federal adoption of liberalized depreciation allowances. If New York State continues to follow the Federal practice in allowing tax deductions for the full investment in business property over a period much shorter than the useful life of the property, the revenue loss to the State under the State's corporation franchise tax could exceed \$30 million in 1981-82 and is estimated to exceed \$400 million by 1986.

Revenue from Other Activities

Collections from other activities are now estimated at \$277 million, a decrease of \$25 million from the May estimate. This reduction is attributable to two sources: one, recently enacted tax relief granted the racing industry should reduce pari-mutuel tax receipts by \$14 million, to \$118 million; and two, a continuing low level of receipts from large estates has depressed estimated collections of estate and gift taxes to \$144 million, a decrease of \$11 million. There is no change in anticipated receipts from taxes on real estate transfers, racing admissions, or boxing/wrestling exhibitions.

Miscellaneous Receipts

Miscellaneous receipts are estimated at \$1,423 million, an increase of \$12 million from the May estimate. The increase is largely

attributed to higher-than-expected investment earnings as partially offset by reductions in anticipated Federal Medicaid reimbursements resulting from the Federal budget reductions

E. STATE EXPENDITURES

State expenditures are now projected to total \$16,804 million for the 1981-82 fiscal year, \$222 million more than at the time of the development of the May Financial Plan. Of this increase, nearly half is accounted for by the MTA first instance write-off transaction noted above. Of the balance, \$54 million represents increased spending by the Judiciary for negotiated salary increases, with the remainder reflecting the impact of special legislation enacted subsequent to the main Budget, revised estimates based on experience to date, and clearer expectations of the effects of Federal actions.

Local assistance spending is now projected at \$9,443 million, up \$14 million from the May plan. The major expenditure increases include \$11 million for support of public schools and \$6 million resulting from the passage of special legislation, including the supplemental Tuition Assistance Program and additional supplemental security income payments. In addition, a reserve fund for the impact of Federal budget reductions and disallowances for prior year social services expenditures has been created that, when added to the uncommitted balance of the supplemental and deficiency reserve, totals \$40 million. Partially offsetting these increases is a reduction in estimated expenditures in the local safe streets and highways program.

State operations expenditures are now projected at \$4,987 million, a \$111 million increase over the May plan. The rise is largely a result of the increases in Judiciary spending for the negotiated salary agreements noted above, by expenditure experience to date, and by such items as additional spending on public safety programs and for the cleanup of the Binghamton State Office Building.

Expenditures from the Capital Construction Fund are now projected at \$757 million, reflecting an increase of \$104 million as a result of the MTA loan write-off and a net decline of \$13 million in anticipated spending for all other capital construction programs.

Total projected expenditures for general State charges have been increased by approximately \$6 million, reflecting shortfalls in income from off-budget funds from the levels projected in May.

Total projected expenditures for debt service have not been revised from the total of \$679 million initially projected in May. The reduction in interest payments on tax and revenue anticipation notes from the level projected in May has been offset by projected lease-purchase payments to the Triborough Bridge and Tunnel Authority for the New York City Convention Center.

MAJOR STATE FUNCTIONS

EDUCATION ...

39 percent of State Budget

Elementary and Secondary Education Financial assistance for New York's 702 major school districts constitutes the State's largest single spending program. During the 1981-82 school year, the State will provide \$4.2 billion to help operate public school classes for approximately 2.75 million pupils. This amount represents an increase of \$304 million over aid distributed during the 1980-81 school year. Equally significant, however, is a revised schedule that accelerates certain school aid payments to meet actual district needs more promptly, without adding to the State's accumulated deficit under generally accepted accounting principles.

Allocation of school-aid funds is based on a two-tiered formula that reflects the relative wealth of each district. Until this year, all operating aid was distributed in inverse proportion to a district's wealth as measured by its taxable real property. Beginning in the 1981-82 school year, however, the two-tier formula will reflect two different wealth measures: property value per pupil for Tier I and adjusted gross personal income per pupil for Tier II. Based on 1981 amendments to the law, school districts in the first tier will receive State assistance for approved expenditures of \$1,650 per pupil; districts that qualify for second-tier payments will receive assistance for expenditures of \$1,885 per pupil.

This change, with others, should help erase the inequities cited in the 1978 trial court ruling in *Levittown v. Nyquist*, which declared unconstitutional the State's system of school financing. A Task Force on Equity and Excellence in Education, formed by the Governor and the State Board of Regents, has been studying this matter in depth and will submit its report before the end of the State's fiscal year on March 31, 1982.

In addition to basic operating support, the State provides its school districts with:

- Reimbursement of 90 percent of approved transportation costs, which now include virtually all salaries and related Social Security costs borne by districts that own and operate their own school buses;
- Special assistance for public school pupils with handicapping conditions, including those who suffer from learning disabilities;
- Reimbursement of a share of school construction costs;
- Special assistance for districts unable to maintain essential school programs without imposing inordinately high property taxes;

- Assistance for bilingual school programs;
- Assistance for adult education courses;
- Textbook aid for all students in nonpublic as well as public schools, from kindergarten through the 12th grade;
- Support for school lunch and breakfast programs;
- Assistance to 44 Boards of Cooperative Educational Services (BOCES) throughout the State, which offer full-time instruction for 22,000 children with handicapping conditions and part-day classes for 56,000 pupils with special vocational interests;
- Special services aid for the big-city school districts (which are ineligible to join BOCES) to assist in funding occupational education programs and data processing activities;
- Funds to help school districts screen new pupils to identify those in need of special services as a result of handicapping conditions, unusual talents, or low levels of achievement;
- Assistance for the elimination of asbestos hazards in school buildings;
- Low-income supplemental school aid, based on income per pupil unit, in recognition of personal income differentials among local school districts;
- Special assistance for small-city school districts financially hard-pressed as a result of constitutional tax limitations.

Beginning in the 1981-82 school year, the State will provide additional assistance to schools for all pupils in approved programs who have only limited proficiency in the English language. For the first time, all school districts will be offered funds for programs for their gifted and talented children, effectively doubling State funding of programs for these children.

Big-city school districts receive special assistance to improve readings skills and general pupil performance. State funds also help meet the particular needs of handicapped pupils who must be placed in private schools.

These aid programs are all administered by the State Education Department, which also assists private institutions of higher education. In addition, the Department oversees:

- The State Library, the State Archives, the State Museum, and other cultural programs;
- A wide array of higher educational and professional licensing and disciplinary functions;
- Programs for occupational and continuing education;
- Vocational rehabilitation services.

State University The State University of New York (SUNY) constitutes the nation's largest higher education system, with 34 State-operated campuses and 30 community colleges. During the 1981-82 academic year, approximately 231,000 full-time and 146,300

part-time students will be enrolled in courses covering the full academic spectrum. In 1981-82 the State will spend some \$787 million for direct support of the University's operating and capital programs at State-operated campuses.

Despite a largely stabilized enrollment and the imposition of strict expenditure controls, University costs continue to increase in the face of heavy inflationary pressures, new programs in the health sciences, and the inevitable expenses of an aging physical plant. These have forced the University's trustees to raise both tuition and dormitory charges to augment the State's own increased financial support. Meanwhile, the University is extensively reviewing its goals, priorities and finances in the context of a long-range, multi-phase planning process. During 1981-82 it will continue to make progress on a permanent campus for the College of Technology at Marcy and health science projects at the Buffalo-Main Street campus. It is also replacing aging or obsolete equipment as necessary.

The 30 community colleges operated by the State University offer two-year degrees and shorter-term certificates in the liberal arts and practical and paraprofessional technologies. Costs are shared by the State, the counties or other local sponsors, and the students themselves, with the State providing up to 40 percent of the operating funds and 50 percent of the debt service on construction costs. For 1981-82 approximately \$137 million has been made available for community college operating aid and debt service.

City University of New York City University is the third largest university system in the country and an integral part of the State's higher education program. In its concern for New York City's financial stability and in recognition of the University's importance to the City, the State is pledged to a phased four-year takeover of the 1979-80 base level of City University senior college net operating costs:

CFY	Approximate State share of costs
1979-80	75%
1980-81	80%
1981-82	90%
1982-83	100%

In addition, the City has been held harmless for any year-to-year increases in operating costs since 1979-80, with the State meeting the full cost of such increases. Under the takeover plan, the State's actual share of each year's costs prior to 1982-83 is therefore proportionally greater than shown here.

The State now funds all tax-financed capital projects for the University's senior colleges. Debt service for senior college projects initially financed after July 1979 is also completely State-funded,

and the phased takeover of debt service payments for previously funded construction is proceeding in tandem with the operating cost takeover.

The State meets up to 40 percent of the operating costs of the University's seven community colleges and provides 50 percent of debt service payments made under the University's community college capital program. Legislation new this year increases community college base operating aid from \$805 to \$930 per student and bases it on a three-year weighted average enrollment, rather than current enrollments. New provisions also provide for operating aid that reflects students in approved contract courses for occupational training.

For State fiscal year 1981-82, the State has appropriated some \$400 million to support senior and community college operating and fringe benefit costs and debt service requirements. Together with an estimated \$56.2 million to be paid out to University students under the State's Tuition Assistance Program and New Supplemental Tuition Assistance Program, State spending for City University represents approximately 67 percent of the University's gross operating and debt service budget.

Independent Higher Education The State's several programs for direct assistance to independent colleges and universities in New York are supported this year by appropriations totaling \$118.6 million. The Bundy Aid Program alone will provide approximately \$93.3 million, based on the following amounts per degree granted:

- \$450 for each associate degree;
- \$1,200 for each bachelor's degree;
- \$900 for each master's degree;
- \$4,500 for each doctorate.

Another \$11.1 million will support the Higher Education Opportunity Program, which serves educationally and economically disadvantaged students at more than 60 independent institutions.

Recognizing the significant additional cost of a medical or dental school education and the public services rendered by these schools, the State provides special aid based on enrollment (capitation aid), which will total \$14.2 million in 1981-82. Eligible medical schools will receive a basic grant of \$2,000 per student and dental schools \$3,300 per student, up to a specified enrollment ceiling. Schools are also given an additional \$3,500 bonus for each New York transfer student they enroll who has received his initial professional education outside the country. The State also contracts with a number of out-of-State medical and dental schools for the training of New York students who agree to practice for three years in an underserved area of the State. Schools include those at the University of Vermont, Morehouse college, the University of Puerto Rico, the University of Tel Aviv, and Meharry Medical College.

Student Assistance The State's centralized Higher Education Services Corporation distributes student aid through grants, scholarships, and loans from Federal and State sources. Under the State's Tuition Assistance Program (TAP), undergraduate students receive annual grants calculated on a sliding scale based on their families' net taxable income. Legislation new this year has significantly enriched TAP. The maximum award is raised by \$400 to \$2,200, the minimum award by \$50 to \$250, and the maximum eligible family income level from \$20,000 to \$25,000. A new Supplemental Tuition Assistance Program (STAP) will provide special financial assistance to educationally disadvantaged students.

Altogether the State will provide an estimated \$279.3 million in TAP and STAP funds to some 380,000 students during the 1981-82 academic year. An additional \$19.3 million will fund more than 97,000 Regents' scholarships, Lehman fellowships, and Child-of-Veteran grants, as authorized by law. The State also guarantees special loans to students in the health professions who have exhausted their annual eligibility under the Federal loan program. During 1980-81, more than \$30 million was borrowed by such students.

SOCIAL DEVELOPMENT ... 18 percent of State Budget

Income Maintenance During 1981-82 the State's share of the cost of income maintenance programs—Aid to Families with Dependent Children (AFDC), Home Relief (HR), and the federally operated Supplemental Security Income Program (SSI)—is expected to total approximately \$1.1 billion. The magnitude of this amount makes it imperative that the State concentrate on management improvements. To this end, the Welfare Management System will be operational in all 57 upstate counties by the end of 1981-82. In addition, the Department of Social Services continues to reverify recipient eligibility via mailed questionnaires and to compare public assistance computer tapes with employer payroll files. These measures involve no reductions in benefit levels but concentrate instead on eliminating fraud, abuse, and other irregularities through administrative reforms.

The State also encourages expanded use of the federally financed food stamp program. Approximately \$800 million in food stamp benefits will be provided for needy New Yorkers in 1981-82, while some \$230 million is expected to be allocated to the State for the Home Energy Assistance Program to lessen the effects of escalating home heating costs on low- and moderate-income families.

As in prior years, the State has again assured the timely pass-through of the annual Federal cost-of-living increase for SSI.

recipients, amounting to 11.2 percent this year. It is also continuing to provide fiscal relief to local governments by assuming all local SSI costs—estimated at \$120 million statewide for 1981-82—and by offering technical and audit assistance in the administration of all welfare programs. Bonus payments are made to social services districts controlling their AFDC ineligibility error rates. This year maximum monthly welfare grants and allowances were increased by 15 percent.

Medical Assistance Under its federally assisted Medicaid program, the State purchases comprehensive health services for those unable to afford the high cost of medical care. In New York State most Medicaid services are financed by the Federal, State, and local governments at respective shares of 50, 25, and 25 percent, although new Federal legislation governing Federal fiscal year 1982 will limit the amount of Federal reimbursement available to the State. Continuation of the State's cost-containment strategy has led to several initiatives to control Medicaid expenditures, including efforts to maximize and claim such third-party contributions as Medicare to offset Medicaid expenditures and place additional upstate counties in the State's automated Medicaid Management Information System, which will be operational throughout the State before April 1982. Cost-containment activities will continue throughout 1981-82, both in terms of their inherent benefits to the effective and efficient operation of the Medicaid program and in view of the new Federal constraints on Federal financial participation.

Supportive Services Through local social services districts and a network of not-for-profit community service agencies, the Department of Social Services administers a wide variety of social services programs under the federally sponsored Title XX program. These include day care, foster care, protective and preventive services, senior citizen services and appropriate casework and counseling. During 1981-82, local districts will disburse some \$211 million in Federal Title XX funds and an additional \$35 million in State contributions. Unfortunately, however, Title XX moneys are limited nationally and are inadequate to meet all New York's demonstrated needs. State funds support State-mandated services in those districts where program demands cannot be met by available Title XX funds.

The State continues to seek better administration of social services expenditures and is developing a model rate-setting methodology applicable to foster care programs and schools for the handicapped. It is also helping localities establish new foster care programs for severely disabled children and is working to reduce the number of children placed in out-of-State institutions. This year the Department of Social Services, the offices of Mental Health and

Mental Retardation and Developmental Disabilities, the Council on Children and Families, and the Division of the Budget are studying the provision of services to seriously disabled foster children, with the simultaneous objectives of rationalizing the services for disabled children and improving services to foster children. Meanwhile, the Child Welfare Reform Act, enacted in 1979, has strengthened the administration and planning of child welfare services, increased reimbursement for adoption services, and required the establishment of a new foster care utilization review system. The Department of Social Services is moving aggressively to implement local district planning requirements and all other major provisions of the Act, which became effective in April 1981.

The State is similarly concerned with providing adequate supportive services to adults. Accordingly, the Department of Social Services is:

- Strengthening the statutory basis for monitoring and regulating adult care, and is now able to guarantee continuous services to adults in facilities placed in receivership;
- Cooperating with the Office of Mental Health and the Office for the Aging to improve access to community-based mental health services and senior citizen centers;
- Developing residential programs for adults that offer personal care and management services in clustered apartment settings;
- Promoting community-based, in-home services to allow adults to live as independently as possible.

Juvenile Justice/Delinquency Prevention Programs Through its Division for Youth, New York seeks to prevent delinquency and rehabilitate its trouble-prone and wayward young people. Total spending for the Division's programs will amount to \$141 million in 1981-82, a significant increase over last year. Every effort is being made to augment current appropriations with Federal funds, estimated at some \$6 million this year.

This year the Division continues to experience the impact of the 1978 amendments to the State's juvenile justice laws, which call for increased placements and longer periods of confinement in secure facilities. Accordingly, it is expanding capacity at such facilities as Masten Park, Brookwood, Goshen, Tryon, Highland and McCormick and is continuing implementation of its new secure program at Harlem Valley. Funds from the Prison Bond issue, to be presented to the voters in November, will support this expansion program.

The Division is also restructuring its non-secure urban home program to better reflect residents' special needs, reviewing staffing patterns and the availability of counseling and vocational training for hard-to-place youths, particularly those returning to the community after an extended stay in a secure facility. Several urban

home units are being closed to improve facility management and reduce unused capacity.

The Division continues to support locally operated juvenile delinquency prevention programs through two mechanisms. The Youth Development/Delinquency Prevention Program (YDDP) provides 50 percent State reimbursement to local youth bureaus for service and recreation programs throughout the State; the 1981-82 YDDP appropriation is \$29.5 million. The Special Delinquency Prevention Program (SDPP) provides 100 percent direct State funding for programs operated by community-based organizations. Currently, about 500 programs are receiving some \$13 million in SDPP funds. In addition to its YDDP and SDPP programs, the Division will provide \$1.4 million in State aid for Runaway and Homeless Youth services in 1981-82.

Programs for the Elderly Under the direction of the State's Office for the Aging, 57 local offices coordinate the planning and delivery of a comprehensive network of services to the elderly. These range from direct cash assistance to tuition-free study at the State University and free weekday admission to State parks for anyone over the age of 62. Property-tax abatements are available to low-income homeowners, and all State-supported public transportation systems offer reduced fares to older riders.

This marks the second full year of the State's Community Services for the Elderly program. During 1981-82 more than \$9.1 million is available to help local governments improve the services that enable the elderly to live independently in their own homes—home health care, hot meal delivery, housekeeping and chore services, and easy access to senior citizen activity centers—while concentrated outreach efforts seek to acquaint all older people with available services and programs. This year the Office for the Aging is administering a total of \$11.7 million in State funds and \$62 million in Federal grants for senior citizen programs.

Human Rights New York State law forbids discrimination in employment, education, housing, public accommodation, credit determination and union membership, whether on the basis of age, sex, race, disability, religion, marital status, or national origin, and Vietnam-era veterans have now been added to this list of protected classes. This year the Division of Human Rights will handle some 7,000 complaints of discriminatory practice and will continue to work with local agencies and businesses to promote equal opportunity for all persons in the State. The Division receives approximately \$1.2 million annually to process complaints regarding compliance with Federal regulations.

The Division of Human Rights has received a Federal Housing and Urban Development (HUD) grant to permit expanded efforts to

ensure equal access to housing. Under this grant, the Division will conduct research on effective and efficient methods of dealing with housing complaints and will provide special training related to housing to its investigators.

Regulations implementing Section 504 of the Federal Rehabilitation Act of 1973 include the requirement that all states and municipalities receiving Federal funds make their programs and services accessible to handicapped individuals. Over the past four years, the State has appropriated some \$22 million to remove architectural barriers impeding access to its office buildings, parks, colleges, and universities.

A separate Office of the State Advocate for the Disabled coordinates the many State programs serving disabled children and adults. Its work is particularly important in 1981, officially designated as the International Year of the Disabled, with a special commission named by the Governor to study and report on new ways of identifying and meeting the needs of the disabled.

Labor All workers in New York are protected by standards for wages, hours, and bargaining practices that are enforced by the State Department of Labor. The Department administers the State unemployment insurance program and helps jobseekers by offering computerized placement services for all qualified workers as well as counseling, testing, and training for applicants lacking employable skills. The State also cooperates with the Federal government in administering the Comprehensive Employment and Training Act (CETA), under which training and employment opportunities are made available to economically disadvantaged, unemployed persons. During 1981 the provisions of the Federal Occupational Safety and Health Act (OSHA) were extended to cover all public employees as well as those in the private sector; a major concern for the State is the possible presence of toxic materials in its office facilities.

The State's minimum wage per hour rose from \$3.10 to \$3.35 on January 1, 1981. The Department of Labor enforces this minimum and all agreed-upon wage contracts and seeks restitution for underpayments. Last year approximately \$2.4 million was collected on behalf of underpaid workers.

Maximum weekly benefits under State-administered social insurance programs are set by law:

- Workers' compensation for permanent and temporary total disability—\$125;
- Unemployment insurance—\$125;
- Compensation to eligible employees for off-the-job disability, including pregnancy—\$95.

Services to Veterans The State's Division of Veterans' Affairs provides advocacy and technical assistance to State veterans, military personnel, and their families through 56 field offices that also coordinate services offered by Federal and local governments. The Division's efforts include:

- Counseling veterans regarding their benefits in jobs, housing, education, and pensions;
- Assisting eligible veterans to obtain Federal review of less-than-honorable discharges;
- Working with the Department of Social Services to provide necessary medical care and reduce county and State Medicaid expenditures through the Federal Aid and Attendance Program;
- Administering State annuity payments to blind veterans or their widows.

Crime Victims Since 1967 New York has compensated victims of violent crime who consequently face financial hardship. From appropriations totaling \$5.2 million in 1981-82, the Crime Victims Compensation Board will make weekly payments of up to \$250 in cases involving death or protracted disability, to a maximum of \$20,000. There is no limit on reimbursement for medical or related services necessitated by criminal action.

This year cutbacks in Federal funds for crime victim advocacy and special efforts in behalf of the elderly are being offset by increased State appropriations. Additional assistance will help support local programs for crime victims.

HEALTH ...

16 percent of State Budget

The Department of Health administers a variety of State-supported programs to ensure efficient and effective health care services for all New Yorkers. Funds for these programs in 1981-82 amount to approximately \$200 million, and include a wide variety of direct State operations in the central and field offices as well as in three State institutions, and a comprehensive range of State-aided community health programs.

The State itself provides direct health care and conducts research at two State-owned facilities: Roswell Park Memorial Institute in Buffalo, one of the nation's foremost cancer centers, and the Helen Hayes Hospital at West Haverstraw, which specializes in the treatment of neurological and chronic disabilities and now features a new 150-bed clinical facility. Three State institutes concentrate on research into birth defects, burn treatment, and kidney disease, respectively. In light of findings in the Love Canal area in

Niagara County, the Department is actively monitoring chemical disposal sites throughout the State to minimize the medical hazards of exposure to toxic substances. It is also concerned with the presence of toxic materials in State-owned buildings.

The State's home for veterans and their dependents at Oxford was recently rebuilt and now contains 120 beds for patients needing skilled nursing care and 122 beds for the less critically ill.

Also charged with regulating the health care industry as a whole, the Health Department has developed management improvements to make the State more responsive to the needs of hospitals, nursing homes, and outpatient clinics.

During the current fiscal year, the Department is undergoing a major reorganization of administrative functions designed to streamline the operations of the agency's two major program arms—the Office of Public Health and the Office of Health Systems Management. The consolidation of management functions formerly provided by each of the program offices and the establishment of Department-wide units for long-range planning and the coordination of institutional activities are expected to improve day-to-day operations.

In cooperation with the Health Planning Commission, the Department continues to refine its certificate-of-need process, which governs decisions regarding the construction or renovation of health-care facilities.

Mental Hygiene The Department of Mental Hygiene is divided into four autonomous agencies, each with its own particular mission:

- The Office of Mental Health;
- The Office of Mental Retardation and Developmental Disabilities;
- The Division of Alcoholism and Alcohol Abuse;
- The Division of Substance Abuse Services.

Care for the State's mentally disabled is shared by these four agencies and 58 community mental health boards. The central thrust of the State's mental hygiene service delivery system is to provide the most appropriate care in the least restrictive environment. To this end, each agency is working to develop systems that integrate direct State and community prevention, treatment, and education programs. During 1981-82 support for State services and local programs will amount to approximately \$1.8 billion.

The Office of Mental Health is demonstrating the State's continued commitment to improving the quality and cost effectiveness of essential services to the mentally ill. It has expanded regulatory oversight of New York State's mental health system and undertaken a series of major program initiatives. These include:

- The establishment of secure units in adult psychiatric centers;
- Expansion of forensic services;

- Organization of inpatient care around functional levels;
- Continued development of community-based residential settings as an alternative to institutionalization;
- The establishment of residential treatment facilities for children requiring supervised care in a non-hospital setting;
- Enhancement of both central and regional office and facility management;
- Improved integration and funding for State and local mental health services through increased use of the new uniform budgeting and reporting system;
- Use of a comprehensive physical plan inventory to develop short- and long-term utilization strategies.

This year the State has significantly expanded the Community Support System (CSS) which provides necessary services to former psychiatric inpatients who require a continuity of care to prevent their return to institutional settings

The Office of Mental Retardation and Developmental Disabilities continues to provide quality services both for those individuals who require institutional care and those who can be appropriately served in the community. In keeping with State and Federal policy that clients be placed in the least restrictive setting possible, the Office is working to develop new community residential facilities and support services with the assistance of the Facilities Development Corporation. During 1981-82, an estimated 2,800 persons will be placed in community residences, family care homes, or intermediate-care facilities; of these some 2,200 will have come directly from the State's developmental centers. The Office is concerned with assuring proper placement procedures, effective delivery of care, and close supervision of this growing network of community services. State expenditures for these multiple community programs in 1981-82 are estimated at \$171 million, an increase of \$21.5 million over last year.

The Office of Alcoholism and Substance Abuse comprises the Division of Alcoholism and Alcohol Abuse and the Division of Substance Abuse Services. Through a network of State and local programs, the Office provides a variety of treatment and preventive services to actual and potential alcohol and substance abusers. Responsibility for administering school education and prevention programs has been transferred to the Division of Substance Abuse Services.

The State Commission on Quality of Care for the Mentally Disabled was established within the Executive Department in 1978 to provide for independent scrutiny of State and local mental hygiene programs. It inspects and reviews mental hygiene programs, investigates allegations of patient abuse, and develops new policies to

improve the quality of care. The Commission was recently charged with serving as the State's designated protector and advocate for persons with developmental disabilities, pursuant to Federal law.

TRANSPORTATION . . . 11 percent of State Budget

Mass Transportation To encourage convenient, energy-efficient travel, New York State is reinforcing its commitment to all mass transportation systems within its borders. Comprehensive new capital and operating programs have been enacted this year to ensure the continued vitality of these systems.

The capital assistance program authorizes the Metropolitan Transportation Authority (MTA) in the New York City area to finance over \$3 billion in new capital projects over the next five years. The legislation:

- Permits the Triborough Bridge and Tunnel Authority to issue up to \$800 million in new bonds;
- Authorizes the MTA to issue \$1.6 billion in special obligation bonds to finance New York City bus and subway projects;
- Authorizes the MTA to enter into joint service contracts with the State for up to \$800 million;
- Authorizes the Port Authority of New York and New Jersey to issue \$200 million in bonds for the purchase of buses to serve the Port Authority district.

The capital program also provides the local share of capital omnibus projects for all public transportation systems except the New York City Transit Authority and its subsidiaries.

To provide badly needed operating support for public transportation systems both upstate and downstate, the State has this year adopted a series of five revenue measures dedicated for mass transportation improvements. These taxes are expected to generate nearly \$800 million over the next two years and include:

- An additional $\frac{1}{4}$ of 1 percent sales tax in the 12-county MTA region, targeted to the MTA and other transit operators in the MTA region.
- A $\frac{3}{4}$ of 1 percent gross receipts tax on petroleum products of oil companies doing business in the State, to be distributed 55 percent in the MTA region and 45 percent in the rest of the State.
- A 10 percent tax on capital gains from the transfer of commercial and industrial property valued at more than \$1 million in New York City, to be distributed to the MTA solely for use in New York City.
- A tax of $\frac{3}{4}$ of 1 percent on the gross in-State earnings of telecommunications and transport businesses conducted in New York State and operating interstate and a tax of 1.5 mills per \$1 on the value of their capital stock within the State. These

taxes will be distributed to transit systems in the MTA region.

- A change in the means of determining the State franchise taxes on oil companies to a "unitary" method to fairly allocate the profits of these large multinational firms to New York

In addition, the State has appropriated \$105 million from general revenues to be used for mass transit statewide in 1982-83.

Rail Services Substantial improvements continue to be made in passenger and freight rail service as authorized under the 1974 Rail Preservation and 1979 Energy Conservation Through Improved Transportation bond issues. This year bond moneys are making possible:

- The final phase of high-speed rail service between Schenectady and New York City, permitting 110-mile-an-hour travel along most of the track;
- Improved bridge and tunnel clearances north of Highbridge in New York City to allow "piggy back" and high-boxcar freight service to the City;
- Improvements to track and signals on the Long Island Railroad and the Hudson-Harlem lines, plus the rehabilitation of a number of locomotives and commuter cars;
- Electrification of the Upper Harlem Commuter Rail line and purchase of 130 new commuter rail electric passenger cars.

Rail preservation bond funds are also assuring continuation of a number of branch freight lines to serve upstate industry. Because almost 1,000 miles of branch-line track was excluded from the Conrail system when it was formed by the United States Railway Association in 1976, the State is using its own and Federal funds to develop the effective rail freight network essential to the economic revitalization of New York. In 1981 the State began a rail freight assistance program of \$1 million for this purpose.

Highway Facilities New program commitments of \$222 million in State funds, together with Federal funds, will generate a new State highway construction program of approximately \$500 million during 1981-82. With the interstate highway system approximately 92 percent complete, the State has shifted its focus from new construction to the reconstruction, reconditioning, and preservation of existing highways and bridges. The Federal government has recognized these trends by initiating and providing a substantial increase in funding for the reconstruction or replacement of structurally or functionally deficient bridges and for highway reconditioning and preservation projects. New program commitments, however, will continue to be adversely affected by recent and proposed Federal budget cutbacks that will delay new construction starts and reduce the level of obligation authority available to New York State.

The \$100 million Energy Conservation Through Improved Transportation Bond Act continues to promote the safety and energy-efficient use of selected streets, highways, and bridges under the jurisdiction of local governments. Since June 1, 1980, the total program, comprising 3,788 projects, has been committed. State payments for work completed as of August 21, 1981 total \$27.7 million.

Ports and Waterways New York's ports handle more than 225 million tons of cargo each year, generating some \$2.5 billion in gross annual income, and the State continues to move ahead in its comprehensive port improvement program. With work already in progress at the Port of Albany, various improved facilities are planned for New York City, Buffalo, and Oswego. The construction of a container port at Red Hook on the Brooklyn waterfront is now complete, and the facility is nearing operational status.

The State is also preserving its historic Barge Canal System, which spans the State from Lake Champlain to Lake Erie and serves commercial as well as recreational watercraft. The Canal's structural sufficiency, particularly its water impoundment mechanisms, is undergoing thorough review. Several sites on the system are currently being studied to determine their potential for production of hydroelectric power, with two such generating systems currently in operation at dams in Crescent and Vischers Ferry. The Canal remains the only major navigable waterway in the United States not supported by the Federal government, and the State continues to seek Federal assistance for the upkeep and improvement of this important economic resource.

Aviation A comprehensive airport and aviation capital grant program provides three-quarters of the non-Federal share of approved aviation facility costs. For 1981-82, a new appropriation of nearly \$4.3 million is available to fund the State's share of aviation projects designed to preserve existing facilities, increase safety, and expand airport capacity. Although the Federal Airport Development Aid program expired on September 30, 1980, the Administration and Congress are presently formulating another, and the 1981-82 State appropriation will be available to provide grants to municipalities upon enactment of the new Federal program. At Stewart Airport in Orange County, the Metropolitan Transportation Authority has completed construction of a \$30 million runway extension and associated taxiway.

Traffic Safety New York currently has some 8.5 million registered motor vehicles and 9.2 million licensed drivers, and its Department of Motor Vehicles promotes traffic safety through the regulation and control of both. New controls include:

- The installation of new computer terminals in issuing offices for tighter security and better service;
- Improved inspection of motor vehicles and repair shops to ensure mechanical safety and prevent consumer fraud;
- Registration and periodic inspection of companies handling junked and salvaged vehicles to discourage auto theft.

The Governor's Traffic Safety Committee administers approximately \$14 million in Federal Highway Safety funds annually to provide a coordinated highway safety program through grants-in-aid to State and local government agencies. These moneys are used for the development of such varied projects as a traffic records system, emergency ambulance services, and innovations to speed traffic flows.

GOVERNMENTAL AFFAIRS ...

Approximately 7 percent of the State's budget is spent on general government operations, including those of the Legislature and Judiciary. These expenditures cover such functions as the collection of revenues, auditing of accounts, legal affairs, personnel transactions, and the purchase and maintenance of equipment, buildings, and property.

Fiscal Controls On all its activities the State continues to impose stringent spending and borrowing controls, including:

- Austerity measures, affecting all State agencies, that limit staff, overtime costs, and equipment purchases, restrict travel and publications, and enforce a strict system of expenditure ceilings;
- Periodic issuance of official reports to the public and to banks and other private credit institutions detailing the State's financial situation;
- A statutory limitation on the amount of "moral obligation" bonds that public benefit corporations may issue;
- Use of a State Securities Coordinating Committee, headed by the State Comptroller, to coordinate and schedule the offerings of the bonds and notes issued by the State and its public authorities;
- Close monitoring by the Public Authorities Control Board of those public benefit corporations that finance major construction projects—the Housing Finance Agency, the Dormitory Authority, the Medical Care Facilities Finance Agency, the Environmental Facilities Corporation, the Urban Development Corporation, the Project Finance Agency, the Job Development Authority, the Battery Park City Authority, and the State of New York Mortgage Agency.

The Buildout Plan developed at the time of the 1975 fiscal crisis to

assure adequate financing for public authority construction projects is now successfully realized: more than \$2.5 billion in permanent financing has been secured from bond sales and other sources.

Financial Systems and Reporting Wide-ranging financial reform legislation and a related judicial decision have combined recently to accelerate and broaden the scope of improvements already being implemented by the State's financial managers. The commitments by both the Governor and the Comptroller to adopt "generally accepted accounting principles" (GAAP) in recording and reporting financial data were reinforced by the enactment in July of the "Accounting, Financial Reporting and Budget Accountability Reform Act of 1981." Although the adoption of GAAP mandated by the Act primarily affects accounting and reporting, some corresponding adjustments to the budgeting process will also be required over the next few years, and the Division of the Budget and the Department of Audit and Control will work together to assure that the timetable is met successfully. The new legislation requires:

- Presentation of the Comptroller's Annual Report for fiscal year 1981-82 on a GAAP basis;
- Appropriation of previously nonappropriated funds, with certain limited exceptions;
- Phased implementation of a Key Item Reporting System to monitor the program performance of State agencies;
- Independent audits of the State's financial statements, increasing in scope from 1982-83 through 1987-88;
- Presentation of an official GAAP financial plan in the Executive Budget for 1984-85, with unofficial prototypes of such a plan included in the two preceding Budget submissions.

The Act's provision for appropriation of Federal and other currently "off-budget" funds has been reinforced by a Court of Appeals decision that expenditures from Federal funds cannot be made without an appropriation. Interim legislation was therefore enacted, and additional legislation has been introduced, to ensure that expenditures for the remainder of the current fiscal year are properly authorized.

The short- and long-term work demanded by these requirements is being coordinated with the development of new automated financial management systems. These will reflect the revised procedures for budgeting and accounting that will produce information essential to sound financial administration. A new statewide accounting system, to be in operation by April 1982, will provide a variety of reports responsive to the needs of program as well as fiscal managers.

These changes in accounting and reporting, and the improvements in the processes and automated systems of financial

management, are expected to enhance significantly the internal management of State finances and increase the accuracy and credibility of the financial data on State operations presented to the public and to potential investors.

Management Improvements This year's management improvement initiatives center on a two-pronged effort to strengthen the effectiveness of State regulatory programs and to mount an intensified cost-control program in all State agencies.

The first of these efforts includes a variety of legislative and administrative steps, such as:

- Evaluating the impact of proposed regulatory actions on affected parties pursuant to Executive Order;
- Consolidating and simplifying application forms and processing procedures for licenses and permits, including conformity with Federal standards wherever possible;
- Requiring review of all new permit proposals by the Office of Business Permits;
- Providing a greater degree of flexibility in carrying out regulatory responsibilities in such fields as banking, where the State has tried to reduce paperwork and eliminate outmoded regulations;
- Utilizing existing regulatory authority in innovative ways to encourage business development and the creation of new jobs, particularly in economically distressed areas.

In addition to such regulatory reforms, an expanded cost-control program is designed to curtail expenditures by State departments and agencies for the procurement of specific supplies, equipment, and services. Major expenditure categories where economies are sought include:

- Fuel for vehicles. A pilot project in several agencies will use computer-controlled fuel pumps through a system that reports on fuel utilization, helps control inventories, identifies vehicles in need of repair, and deters theft.
- Printing and postage. The volume of free printed materials distributed by State agencies will be reduced, mailing lists reviewed for accuracy, and the variety of printed material limited.
- Automobile usage. Updated standards will govern their acquisition, assignment, and operation.
- Telecommunications. Switchboards are being centralized and controls over the acquisition of equipment will be tightened.
- Forms and other types of paperwork. This will be the focus of detailed review in several agencies with a view to reducing the amount of paperwork required.
- Office operations. Word processing and other office

automation techniques are being introduced and controls will be strengthened over the purchase of furniture and other equipment.

Intergovernmental Relations To enable local governments to join the State in reducing taxes, New York follows a carefully balanced policy that couples cost controls with targeted aid increases. During 1981-82 localities will receive direct State assistance amounting to \$9.4 billion, or some 56 percent of the State's total budget. Included in this amount is:

- \$4.1 billion in aid to public school districts;
- \$1.1 billion in generally unrestricted aid to cities, counties, towns, and villages, including State revenue sharing, municipal overburden aid, and emergency financial aid to eligible cities and other municipalities;
- \$79.9 million in special assistance to needy local governments according to tax effort and tax capacity;
- \$3.4 billion under other aid, reimbursement, and tax-sharing programs.

The State also provides many technical, legal, and training services to localities at no charge.

The State continues to seek improvements in State-local fiscal relationships. Phased State assumption of local Medicaid costs was a primary feature of the proposed 1981-82 Executive Budget. A State-County Task Force on Mandates, comprising State and municipal officials, has worked to identify all unnecessary and burdensome fiscal and administrative demands made on localities; legislation has been introduced for their modification or repeal. Similar cooperative efforts are aimed at permanent solutions for the chronic fiscal ills of the State's major urban areas.

Although Federal assistance to New York State is expected to amount to some \$7 billion in 1981-82, severe reductions in congressional appropriations for the forthcoming Federal fiscal year will adversely affect many State initiatives that have hitherto relied on Federal aid. Some aid programs will terminate on September 30, 1981, the end of the current Federal year. Others will be drastically reduced, while still others will be consolidated into block grants. These reductions will affect both the State and its local governments, which will be forced to reconsider and reorder many of their program priorities.

Public Employees Negotiated agreements covering more than 170,000 employees, or 94 percent of the State's workforce, expire at the end of this fiscal year. A major concern this year for both the State and the employee organizations which represent its workers is thus the preparation for, and conduct of, negotiations that will determine terms and conditions of employment during the next fiscal year.

During the current fiscal year, the State is continuing to refine its performance evaluation systems, with revisions in both the evaluation and compensation components. The State first established these systems in 1979, pursuant to provisions agreed to in current labor contracts. All plans have in common a linkage between individual compensation and an evaluation of each employee's job performance.

In addition to raises tied to performance, the State will, this year, provide the final general salary increases agreed to under the current contracts. A unique feature of several of these contracts is the provision for a retroactive lump sum payment for many employees payable after the expiration of the contract. This payment recognizes the fact that 1981-82 general salary increases take effect on October 1, rather than at the beginning of the fiscal year.

The current contract period has seen the establishment of joint labor-management committees by the State and several employee representatives. These committees fund a variety of projects which are of mutual benefit to employees and the State, including surveys, research, and demonstration projects designed to increase productivity and improve the quality of working life.

Among the projects funded are: a model employee orientation program; an apprenticeship training program for power plant operators; training for facility-based therapy aides being reassigned to work in the community; and the funding of the Employment Continuity Center which provides counseling and placement assistance to State employees who are displaced from their jobs.

Completing its second year as a part of the Office of Employee Relations, the Division of Management/Confidential Affairs is able to point to a number of accomplishments on behalf of the State's 10,000 managerial and confidential (M/C) employees. Among these are a performance evaluation plan, an improved dental plan, a group automobile and group homeowners' insurance plan, an expanded pre-retirement planning program, and an M/C fitness program.

This year has marked a significant expansion of the State's Affirmative Action Office in the Department of Civil Service. An increase in staff of ten positions will enable the Department to strengthen implementation of Executive Order 40.1 by promoting affirmative action goals in State and local governments throughout New York.

PUBLIC PROTECTION . . .

Crime Control Concerned with the rising incidence of crime, New York State is seeking new ways to improve the effectiveness of its criminal justice system. An Executive Commission on the Administration of Justice, representing government, business, and the

academic community, has now been named to review all facets of criminal justice policy and recommend needed changes.

The State's Division of Criminal Justice Services has primary responsibility for improving anti-crime programs. In charge of crime control planning, local police training, and the automated collection and distribution of fingerprints and other information, the Division is now being reorganized to expand criminal justice program research, evaluate existing programs, and improve the administration of all nonjudicial, court-related programs funded entirely or in part by the State. The Division is administering four new criminal justice programs:

- The Major Offense Police Program, designed to ensure prompt identification and arrest of suspects trafficking in narcotics or handguns and persons wanted for violent felony offenses. The program will expand police resources in the cities of New York, Buffalo, Rochester, and Syracuse, and in the counties of Nassau, Westchester, and Suffolk. It will also increase the number of State Police investigators and will be broadened to include other counties now participating in the Major Offense Prosecution Program.
- The Major Offense Prosecution Program established to assist 13 counties and the City of New York in the swift identification and prosecution of serious repeat offenders, violent felons, and violators of the State's narcotic and handgun laws.
- The Mobile Radio District Program, to help localities develop improved crime control communications.
- A Statewide Public Defense Backup Center, to improve the quality of legal representation provided to indigent defendants.

The Division's traditional functions include the enforcement of violent felony warrants and services provided to local prosecutors and defense counsel.

Three units in the Department of Law, each headed by a Deputy Attorney General, are charged with investigating and reporting on specific violations of State and Federal law:

- The Statewide Organized Crime Task Force is concerned with organized criminal activities that cross county lines or involve the State and other jurisdictions;
- The Office for the Investigation of the New York City Criminal Justice System explores allegations of corruption in any way connected with the enforcement of laws of the administration of criminal justice in the City;
- The Office for Investigation of the Nursing Home Industry investigates and prosecutes instances of fraud on the part of Medicaid providers to nursing home residents.

The Temporary State Commission of Investigation also ex-

amines alleged violations of State law, giving particular attention to organized crime and racketeering and possible misconduct on the part of public officials and employees. A Temporary Advisory Commission on Criminal Sanctions is examining sentencing practices, plea bargaining procedures, and alternatives to incarceration.

Correctional Services The New York State Department of Correctional Services, charged with the confinement of sentenced offenders and their preparation for eventual reintegration with society, is currently managing 32 facilities and 23,700 inmates. This population has been expanding rapidly, and the most urgent task confronting the Department is the need to assure adequate space for accommodations that are humane as well as secure. A \$500 million Prison Bond Act will therefore be presented for voter approval in November to finance the construction of additional cell-space throughout the State's correctional system. Some \$375 million of the bonds will be used for the construction and rehabilitation of more than 4,000 cell spaces in State-owned facilities; the balance, or \$125 million, will be provided to localities as matching assistance for construction or rehabilitation of local detention facilities.

With a five-year strategic plan for program improvement, the Department is working to achieve:

- A "real work" environment through an average 15 percent increase in inmate wages and the expansion of industry program opportunities;
- Educational programming that will focus on inmate achievement of a fifth-grade literacy level and the ability to communicate effectively in English;
- Special program opportunities, such as the Assessment and Program Preparation Unit at Clinton Correctional Facility, intermediate care programs at Auburn and Bedford Hills, the drug treatment programs at Bayview and Arthurkill, the Children's Prison Project at Bedford Hills, and alcoholism treatment programs at six correctional facilities;
- Effective medical services through current contracts for general and orthopedic care in secure hospital settings and the negotiation of an additional contract for five more correctional facilities;
- Staffing patterns at all correctional facilities that will deploy staff to meet the security needs identified by State review teams;
- Continuation under State funding of the Network program, formerly federally funded, that helps inmates acquire the skills necessary for successful reintegration in society and encourages correction officer involvement in that process;
- Affirmative action goals and objectives, to be met with the assistance of staff who report directly to the Commissioner;

- Further growth in production and sales, inmate participation, and product-line improvement in the Correctional Industry program

During 1981-82 the Department will spend nearly \$375 million

Commission of Correction In New York, responsibility for the inspection of State and local correctional facilities is vested in a full-time, three-member State Commission of Correction, wholly independent of the State's Department of Correctional Services. A part-time Citizens' Policy and Complaint Review Council, assisted by a full-time staff, also acts on local grievances, while a Correctional Medical Review Board investigates and reviews the death of any inmate that occurs in a State or local correctional facility. The Commission is currently being reorganized to improve its effectiveness and ensure the judicious distribution of the local aid moneys it will administer under the proposed Prison Bond Act.

Parole The Division of Parole includes the 12-member Board of Parole and is responsible for an efficient and equitable parole system in New York State. To accomplish this, the Division:

- Maintains records on all persons eligible for parole, or under parole supervision;
- Prepares material used by the Board of Parole in exercising its authority to decide when and under what conditions inmates will be released to parole supervision;
- Supervises parolees to facilitate their adjustment to the community and ensure community safety.

During the coming year, the Division of Parole will continue to evaluate the effects of an intensive supervision program for high-risk offenders, develop a computerized information system, and weigh the effects of parole guidelines on decisions made by the Board. By March 31, 1982 an estimated 18,600 parolees will be under supervision, an increase of some 1,100 from March 31, 1981.

Probation As an alternative to institutional commitment, probation permits offenders to remain in their own communities throughout their terms of correction. The State's Division of Probation supervises local probation programs statewide and trains both State and municipal personnel.

In 1981-82 the State is reimbursing 53 counties and New York City for 46.5 percent of their approved costs for probation services, at a total cost of \$26 million. The Division will continue to evaluate the effectiveness of an intensified supervision program and will develop a similar program for juvenile supervision.

State Police The State Police comprises some 4,000 troopers and civilians. It relies on well-trained police professionals and the technical support of its crime laboratories and a sophisticated com-

puter network and communications system to prevent and detect crime and apprehend criminals throughout New York State. An aviation unit can reach any location in the State on short notice and makes both medical emergency rescues and searches for missing persons. The State is divided into ten troop areas, with the State Police serving as the primary police force in many rural and suburban communities. The Division's Bureau of Criminal Investigation Activities (BCI) is responsible for the investigation of serious crimes, and its members are located in troops throughout the State. Training an adequate number of recruits each year is a major concern; a new class graduated this summer and additional recruits will begin training later this year.

On all its activities, the Division will spend \$109 million in 1981-82.

Guard Forces The Division of Military and Naval Affairs, responsible for the administrative activities required to support the State's military forces, has a total authorized strength of 35,000 members in the New York Army and Air National Guard, the New York Guard, and the Naval Militia. It maintains 66 armories, 3 aviation support facilities, and a training camp at Camp Smith in Peekskill. Under the direction of the Chief of Staff to the Governor, the Division ensures that the militia are trained, equipped, and ready for federally or State-mandated missions in times of widespread danger. The Division's Office of Disaster Preparedness is working with local governments to ensure that emergencies at nuclear reactor sites will be met with effective responses.

As part of its efforts to improve recruitment and retention of guard personnel, the Division is continuing a General Educational Development program which awards a \$500 cash stipend to any guard volunteer taking courses in pursuit of a high school equivalency diploma. Funds are also provided for a \$50 bonus to each guard member who recruits a new member and for a radio advertising campaign to further enhance recruitment.

ENVIRONMENTAL CONSERVATION ...

One of the first states to announce a comprehensive policy of improving air, water and land quality, New York continues to honor its commitments. More than \$1.06 billion of the \$1.15 billion authorized by the voters under the 1972 Environmental Quality Bond Act has been appropriated thus far for specific State and local environmental projects. In 1981-82, the State's Department of Environmental Conservation is concentrating on the regulation of hazardous wastes, fish and wildlife management, and environmental quality regulation.

Toxic Wastes In light of findings in the Love Canal area, the Hudson River, and its own office building in Binghamton, the State sees as one of its most urgent tasks the proper management and clean-up of 680 identified hazardous waste sites, many of which present a threat to personal health and the environment. Already the Department of Environmental Conservation has located and categorized some 4,000 specific toxic substances and is undertaking an ambitious program to limit or prevent their discharge into the State's water sources. A new Hazardous Waste Enforcement Division will determine those parties responsible for hazardous waste accumulations, enforce remedial action where the public's health is threatened, and monitor remediation efforts to ensure that environmental quality is maintained. The Department is also working to further new scientific technologies that show promise of altering and neutralizing the chemical components of toxic substances, thus reducing their danger.

To limit the illegal hauling and dumping of wastes, the Department has expanded enforcement teams in the Niagara Frontier and mid-Hudson valley to other areas of the State. The Department is also working with the departments of Health and Law in negotiations and litigation involving the Hooker Chemical Company and its chemical dumps in the Niagara Falls area.

Solid Wastes Although solid waste management is traditionally a local responsibility, the Department offers technical and financial assistance for specific projects. Of immediate concern to the Department are the long-range effects of toxic industrial wastes, and cooperative efforts with the U.S. Environmental Protection Agency are underway to establish an effective management plan for their treatment and disposal. Meanwhile, the State is encouraging both the public and private sectors to utilize new technologies for the efficient conversion of waste materials into fuels and other useful products. Together, the departments of Commerce and Environmental Conservation, the Energy Office, and such public authorities as the Urban Development Corporation, the Power Authority, and the Port Authority of New York and New Jersey are developing a comprehensive resource recovery program to generate energy and extract valuable material from wastes collected throughout the State. Specific resource recovery projects are already underway in Albany, Cattaraugus, and Westchester counties.

Water Quality The Environmental Quality Bond Act Program for Pure Waters, financed by State bond moneys and Federal and local funds, is meeting the twin goals of cleaner water and increased jobs for the construction industry. Since the program's inception in 1972, the State has appropriated \$648 million as its share of the construction of more than 400 approved water pollution control projects throughout New York. Through direct financial assistance, the

Department of Environmental Conservation supports the operation of many of these wastewater treatment plants. Legislation enacted this year allows the Department to pay up to 33 percent of the operating and maintenance costs of such treatment facilities. Unfortunately, sharp cutbacks in Federal funds for water treatment will severely affect New York, which has consistently scaled its projects so as to qualify them for maximum Federal support.

Air Quality The Environmental Quality Bond Act of 1972 has also provided funding for projects that reduce air pollution through the control or elimination of contaminants discharged into the atmosphere. Numerous emission control improvements have been installed at State-owned facilities administered by the departments of Correctional Services, Education, Mental Hygiene and Health, the Office of General Services, the Division of Military and Naval Affairs, the State Police, and the State University. Since the program's inception, \$90 million in local aid has been appropriated for the State's share of the cost of air pollution abatement projects in New York City and municipalities in 15 counties.

Land Use Planning In the absence of a comprehensive Federal land use plan, New York is implementing its own statewide system of land use controls and management practices. Now subject to State control are lands in the Adirondack and Catskill mountain areas, agricultural and forest districts, lands used for mining, tidal and freshwater wetlands, wildlife management areas, and places susceptible to flooding. These controls assure a healthy environment not only for the State's citizens but also for the crops and animals on which they depend.

Oil and Gas Development Legislation enacted this year will allow for increased oil and gas exploration and expanded regulatory control. The law also creates a special industry-supported fund, to allow for properly plugging abandoned wells which have posed health and environmental problems. Effective use of the State's natural resources consistent with proper environmental controls is therefore furthered.

Environmental Management New York preserves its wildlife, timber, marine, and mineral resources through carefully planned and executed management programs. In 1981-82 it is:

- Exercising jurisdiction over 3.5 million acres of State-owned land and 2,000 miles of coastline;
- Managing an accelerated program of forestry maintenance and timber-stand improvement;
- Protecting more than 17 million acres of forest from fire;
- Raising approximately 9 million seedlings at its tree and shrub nursery in Saratoga County;

- Stocking waterways and lakes with such game fish as salmon, trout, bass, pike, and muskellunge;
- Surveying 600,000 acres of shellfish-growing areas;
- Issuing more than 2 million hunting and fishing licenses;
- Maintaining more than 2,600 miles of forest and wilderness trails;
- Covering some 6 million patrol miles to enforce the fish, game, and pollution control provisions of the Environmental Conservation Law.

HOUSING AND COMMUNITY DEVELOPMENT . . .

The past several years have seen significant breakthroughs in New York's long-dormant housing programs, and the State is once more undertaking new housing initiatives for both low- and middle-income tenants. Vital to these efforts is the ability of the State of New York Mortgage Authority (SONYMA) to issue bonds to finance new mortgages; this year its bonding authorization was increased by \$500 million to a total of \$1.25 billion. Of this amount, approximately \$600 million is available for future financing needs; SONYMA expects shortly to issue \$100 million in bonds for its mortgage purchase program. Meanwhile the SONYMA mortgage insurance program is helping declining neighborhoods secure the financing needed for renewal programs. Both the number of lenders eligible under this program and the types of mortgages that can be insured have been increased this year.

All State housing policies and renewal programs are now coordinated by the Division of Housing and Community Renewal and the State Housing Council to ensure a consistent approach to critical housing needs.

Low-Rent Public Housing The Division supervises 143 State-assisted public housing projects, many of which are more than 25 years old and require extensive rehabilitation. However, these projects cannot sustain such expenditures and at the same time keep their rents low, particularly in view of spiraling fuel and operating costs. To resolve these problems, the Division has been working with the U.S. Department of Housing and Urban Development to include State-assisted housing projects under a Federal program that provides operating support as well as funds for rehabilitation and energy conservation. To date, State-assisted housing projects containing approximately 50 percent of all eligible apartments have been included in this program.

Last year the Division undertook to assess the physical condition of 75 upstate low-rent housing projects with some 11,000 apartments and to estimate their modernization needs. A second assessment, this time of energy conservation possibilities, is expected to begin shortly.

Middle-Income Housing Created in 1960, the New York State Housing Finance Agency (HFA) has been the principal source of funding for State-assisted middle-income housing throughout New York. When the credit markets were closed to the State in 1975, HFA had 48 projects requiring \$571 million in permanent financing. Today, all projects have obtained long-term financing. Completed projects are supervised by the Division of Housing and Community Renewal to ensure continued viability and fulfillment of program goals.

In recent years, major initiatives for the financing of State-assisted middle-income housing have come from the Federal government. Federal subsidies have helped secure new State-assisted housing projects by making up the difference between actual economic rentals and the tenants' ability to pay. Sixteen projects subsidized under Section 8 of the U.S. Housing Act of 1937 have obtained permanent financing and are under construction; three more have obtained construction financing through HFA's Construction Loan Program. In light of recent Federal budget cuts in funding for housing programs, the Division and HFA are exploring new combinations of Federal, State and local subsidies to stimulate further construction.

Community Development Since 1959 the State has helped its municipalities rebuild blighted areas by paying up to 50 percent of the local cost of federally aided urban renewal projects. Although the Federal government is awarding no new contracts, the State continues to reimburse those communities which have contracts still outstanding. The Division of Housing and Community Renewal's \$8 million Neighborhood Preservation Program provides technical assistance and grants that cover the administrative expenses of non-profit community organizations seeking to upgrade their urban neighborhoods. Recent legislation has added a similar program for rural residential neighborhoods, with approximately \$2 million in annual funding.

The Division of Housing and Community Renewal recently assumed responsibility for the Urban Revitalization Program formerly administered by the Office of Urban Revitalization to rehabilitate the State's distressed urban areas. To this end the Office provides grants and/or technical assistance to local not-for-profit community groups and agencies engaged in housing, economic, industrial, and commercial revitalization.

Building Codes The Division of Housing and Community Renewal serves as technical staff to the State Building Code Council in establishing codes designed to safeguard the occupants of various types of housing. The Division administers:

—The State Building Construction Code, which sets standards of

acceptability for all building construction materials, currently voluntarily adopted by 710 municipalities;

—The Fire Prevention Code, first established in 1976, which sets standards designed to prevent fires, explosions, and poisonous gas leaks and has been adopted by 181 municipalities;

—The Factory Manufactured Home Code, mandated statewide, which requires a seal of approval on all prefabricated and modular houses sold in the State.

A Task Force on Code Accessibility Standards, chaired by the Commissioner of the Division of Housing and Community Renewal, is currently drafting recommendations for the building construction code relative to accessibility by disabled persons. Meanwhile, legislation new this year makes mandatory building and fire codes in all municipalities which have not established their own codes by March 1, 1982. A newly established State Fire Prevention and Building Code Council in the Division is drawing up a statewide uniform Fire Safety and Building Construction Code that will be administered primarily by the Department of State and become effective in 1984 in all municipalities throughout the State.

RECREATION AND CULTURAL ENRICHMENT ...

State Park Activities New York State's park system includes recreational areas ranging from the urban Roberto Clemente Park in New York City to the wilderness of the Adirondack Park. In addition to beaches, campsites and picnic areas, the State operates golf courses, ski centers, snowmobile trails, ice- and roller-skating rinks, fishing areas, and boating facilities. A wide attendance is sought for these facilities: special access is provided for the handicapped, a "Golden Park Pass" is available to anyone over 62, and a \$20 "Empire Passport" offers subscribers unlimited access for a full year. A variety of warm-weather cultural activities take place in State-owned theaters in parks at Saratoga, Jones Beach, and Lewiston, and more informally elsewhere. To underscore the significance of the 36 historic sites it has restored and now maintains, the State has formally changed the name of its parks agency to the New York State Office of Parks, Recreation and Historic Preservation.

During 1981-82 the Office will spend some \$66 million to support the park system and its multiple activities, and continue expansion of the State's program for small urban cultural parks. This amount will not, however, make up for loss of the Federal funds that have hitherto been available for parkland acquisition and maintenance. In particular, cutbacks in Federal youth employment training programs will inevitably result in poorer park upkeep.

Year-Round Cultural Activities The Empire State Plaza in Albany contains two theaters for the performing arts, one of the largest

collections of contemporary sculpture and paintings in the country, and a Cultural Education Center that houses the State Library, Archives, and Museum. Special exhibits are frequently featured, and the first permanent group of children's theater offers regular performances throughout the year. The Performing Arts Center Corporation, the first public authority in the State created specifically for arts sponsorship, is charged with the management of the Plaza theaters.

Meanwhile, through its Council on the Arts, the State supports private nonprofit cultural activities in every county; during 1981-82 it will distribute \$32.5 million among museums, galleries, music, theater and dance groups, and arts service organizations. Legislation new this year significantly enriches aid to the libraries and public broadcasting stations which serve the State's population. An omnibus library aid statute provides some \$40.5 million for local library programs—a \$7.5 million increase over prior-year funding. When fully implemented in 1982-83, the library aid program, which is administered by the Education Department, will total \$43 million, a 30 percent increase over 1980-81 funding levels. A \$14.7 million appropriation for public television and radio stations represents a \$5 million, or 51 percent increase, over prior-year funding levels. The State is also continuing its traditional support for such cultural and recreational amenities as zoos, aquariums, and botanical gardens.

Athletic Activities To meet a growing popular interest in participatory as well as spectator sports, New York has contributed both to the construction of new sports facilities and the staging of athletic events throughout the State. An Olympic Regional Development Authority was created this year to preserve and manage the Lake Placid facilities used at the 1980 international games, and the State has now held the fourth annual Empire State Games—the largest multi-sport amateur athletic event in the nation. A National Sports Festival took place this summer in the new Carrier Dome arena in Syracuse, while the annual Special Olympics for the handicapped occurred at the Brockport campus of the State University.

To stimulate the State's racing industry, both tax relief and purse enrichment have been provided this year, and restrictions have been eased on opportunities for off-track betting.

ECONOMIC DEVELOPMENT AND CONSUMER PROTECTION ...

Economic Development Again this year, legislative and executive action has sought to strengthen the State's economy through business expansion and job creation. Key measures have included:

- Formulation of comprehensive development policies and strategies, coordination of State development programs, and the provision of essential research and technical services through the Office of Development Planning within the Executive Chamber;
- Special efforts, including those of a private sector advisory council and the New York Science and Technology Foundation, to attract the high-technology industry for which New York provides so favorable a climate. The Foundation is sponsoring a study to determine the feasibility of establishing high technology research and development centers throughout the State;
- Increased financing for urban development projects through such agencies as the Urban Development Corporation (UDC) and the Port Authority of New York and New Jersey;
- Use of the State's new Insurance Exchange and Free Trade Zone to enable insurers to accept special and international risks;
- Approval of additional foreign bank branches, for a present total of 109;
- Efforts by the Office of Business Permits to simplify the State's regulatory processes and help businesses with the governmental paperwork involved in expanding or locating in New York State.

During 1981-82 the State Department of Commerce will spend some \$28 million on programs to strengthen and enhance the State's economy. To encourage the sale of New York products in overseas markets and to attract foreign capital for investment here, the Department has extensive direct representation abroad and is helped in these efforts by the Advisory Council on International Business, which includes agency heads and representatives from business, labor, and academic communities. The Department's Office for Motion Picture and Television Development is actively promoting New York as a site for film-making.

Another advisory group is assisting the Department in the development of small businesses and minority-owned enterprises, while legislation enacted this year appropriates \$8.5 million to the Urban Development Corporation to further the rehabilitation of decayed industrial buildings and investment in promising but high-risk business ventures. Tax abatements, incentives offered by UDC and the Job Development Authority, and on-the-job training programs continue to provide major support for the State's industrial development programs.

Public construction projects play a key role in the State's plans for economic development. A domed athletic stadium for Syracuse University, built with technical and financial help from UDC, was

completed last fall, and the Corporation is also involved in new convention centers in New York City and Rochester. Meanwhile, legislation enacted this year has created an Olympic Regional Development Authority to promote, preserve, and manage the winter sports facilities constructed for the 1980 Olympic Games.

Energy Ever since the so-called "fuel crisis" of 1974, New York State has sought to conserve energy and develop alternate sources of power through its specially created State Energy Office and Energy Research and Development Authority (ERDA). With an updated Energy Master Plan, the State has:

- Provided energy advisory services to industry and businesses statewide;
- Authorized ERDA to help finance and develop alternate and renewable energy resource projects;
- Encouraged the creation of cogeneration facilities in the private sector;
- Helped finance the production of power through municipal waste treatment processes;
- Administered the multi-year Schools and Hospitals Program under which approximately \$35 million in Federal grants have been awarded thus far and matched by eligible institutions to provide technical assistance and energy-saving capital improvements;
- Through the Power Authority of the State of New York financed and constructed two small hydroelectric plants.

Tourism More than 35 million travelers to the State's cities, parks, wilderness areas, and arts centers make tourism an industry that brings billions of dollars into New York. The State supports this enterprise with a variety of promotional efforts, including national and international advertising campaigns ("I ♥ NY"), seasonal posters, a full-color annual Tour Guide, and special regional guides for such attractions as winter sports and Broadway theater productions. The Department of Commerce shares with a number of airlines and a busline the cost of an advertising campaign that now extends across this country to Europe and South America. The cost to the State of these campaigns to promote tourism is expected to total \$10 million in 1981-82.

Agriculture Although New York is best known for its business and commerce, farming is its largest single industry: its ten million acres of farmlands yield crops valued at some \$2 billion each year, and it is a leading producer of apples, sweet corn, maple syrup, dairy products, grapes and wine. Advertising campaigns successfully promote products that are "Grown in New York," "Produced in New York," and "Processed in New York." The Department is preparing to participate as host State in the International Food Show

sponsored by the Eastern United States Agricultural and Food Export Council in New York City in April 1982. Approximately \$4 million is being spent this year to improve facilities at the State Fair in Syracuse, which annually attracts hundreds of thousands of visitors.

The Department of Agriculture and Markets conducts extensive research to improve both crop and livestock yields and issues daily marketing reports to keep farmers, merchants, and consumers abreast of current prices. The State continues to enforce regulations governing the production, packaging, and distribution of all foods except meat and poultry products, which are inspected by the Federal government. Through special efforts to eradicate brucellosis, a cattle disease which poses a serious threat to New York's dairy industry, it is expected that the Federal government will certify that the State is free of the disease.

To encourage the preservation of farm acreage, the State permits the designation of special agricultural districts qualifying for property tax relief. To date, over 6.2 million acres have been so designated, comprising a total of 426 agricultural districts throughout the State. A revised method of assessing the value of farmland is based on a land classification system developed by the Department of Agriculture and Markets. Farmers are exempted from the unincorporated business tax, and the estate tax otherwise payable has been reduced for farms bequeathed to direct family descendants.

Of particular concern at this time are conditions affecting migrant workers and their families, the impact of environmental resource management plans on agricultural industries, and the provision of adequate housing and social services for rural residents.

Consumer Protection The State's Consumer Protection Board operates as an advocate for the public in the investigation and resolution of consumer welfare problems and the development of legislation. The Board also helps represent customers in utility rate cases before the Public Service Commission. The Consumer Frauds Bureau in the Department of Law educates consumers and investors regarding deceptive trade practices and takes punitive action in cases of fraudulent business activity. The State's consumers are now able to take effective class action against illegal business behavior.

Legislation new this year has created a "bill of rights" for utility customers whose power is in danger of being cut off and has provided \$2 million to the Public Service Commission to improve consumer services and establish an emergency telephone line for utility users.

Other State agencies enforce consumer safeguards in such fields as banking, insurance, public utilities, food processing, real estate transactions, charitable fund raising, automobile repair, and weights

and measures. The Education Department and other agencies guard against deceptive professional practices by examining and licensing such practitioners as nurses, doctors, engineers, funeral directors, and cosmetologists.

**Table 1. STATE GENERAL FUND INCOME
AND EXPENDITURES**
(millions of dollars)

	1980-81 Actual	1981-82 Estimated	1981-82 Compared with 1980-81
Income			
Personal Income Tax	6,616	8,015	+1,398
User Taxes and Fees	4,227	4,427	+201
Business Taxes	2,193	2,300	+107
Other Revenues	293	277	-16
Miscellaneous Receipts	1,359	1,423	+64
Total Current Revenue	14,688	16,442	+1,754
Bond Funds	168	240	+72
Net Income	140	122	-18
Federal Revenue Sharing	186	0	-186
Total Income	15,182	16,804	+1,622
Expenditures			
Local Assistance Fund	8,531	9,443	+912
State Operations	4,497	4,987	+490
General State Charges	904	938	+34
Debt Service	649	679	+30
Capital Construction Fund	601	757	+157
Total Expenditures	15,182	16,804	+1,622
Margin	^a	0	0

^a Less than \$500 thousand

Table 2. CURRENT REVENUE
(millions of dollars)

	1980-81	Budget	Summary Compared with 1980-81
	Actual	Summary	Actual
Personal income tax	6,616	8,015	+1,399
User taxes and fees	4,227	4,427	+200
Sales and use tax	2,958	3,140	+182
Motor fuel tax	436	425	-11
Cigarette tax	336	340	+4
Motor vehicle fees	263	281	+18
Alcoholic beverage tax	148	147	-1
Highway use tax	52	60	+8
Alcoholic beverage control licenses	34	34	
Business taxes	2,193	2,300	+107
Corporation franchise tax	1,094	1,119	+25
Corporation and utilities taxes	635	741	+106
Bank tax	235	236	+1
Insurance tax	192	214	+22
Unincorporated business income tax	37	(10)	-47
Revenue from other activities	293	277	-16
Estate and gift taxes	143	144	+1
Pari-mutuel tax	136	118	-18
Real estate transfer tax	13	14	+1
Other taxes	1	1	
Miscellaneous receipts	1,359	1,423	+64
Regular	740	690	-50
Mental hygiene related	619	733	+114
Total Current Revenue	14,688	16,442	+1,754

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

Agency or Purpose	1980-81	1981-82*
Education total	4,463,659	4,828,535
Education Department	4,010,659	4,289,342
Support of public schools	3,713,358	3,994,322
Grants, aids and subsidies	188,925	204,485
Library aid	31,483	38,083
Physically handicapped children	24,929	20,238
Specific program grants	20,701	22,351
School lunch and milk program	16,978	20,338
Aid to non-public schools	11,000	10,250
All other	9,285	2,375
Higher Education	447,000	539,193
City University of New York	318,652	400,290
State University Community Colleges	128,348	138,907
Social Services Department of	2,086,634	2,416,640
Taxation and Finance total	1,161,108	1,183,598
State revenue sharing	802,861	800,861
Local share of motor fuel tax	78,862	78,862
Local share of motor vehicle fees	21,275	21,275
Lottery aid guarantee	110,000	165,000
Stock transfer incentive fund	88,206	117,600
Transportation total	286,652	190,272
Mass transportation subsidies	177,180	150,800
Town highways	9,472	9,472
Safe local roads and streets	100,000	
Mental Hygiene total	264,621	300,165
Office of Mental Health	99,071	141,109
Office of Mental Retardation & D.D.	87,011	129,914
Division of Substance Abuse Services	61,584	69,528
Division of Alcoholism & Alcohol Abuse	16,955	10,514
Health total	76,089	82,445
General public health work	40,686	54,000
Operation of medical clinics	11,074	11,447
Physically handicapped children	4,055	4,855
Laboratories and blood banks	5,390	6,076
All other	5,284	6,207
Housing total	58,847	70,843
Housing subsidies	42,050	42,050
Urban renewal grants & subsidies	3,111	1,000
Housing code enforcement	4,900	8,000
Neighborhood preservation	8,780	10,787
Housing modernization		9,000
Municipal Overburden	64,178	64,178
Environmental Conservation total	38,492	39,417
Sewage treatment	34,005	34,700
Environmental health	3,643	3,454
All other	784	1,263
Youth Division for	60,006	62,275
N.Y.S. Council on the Arts	30,870	32,500
Probation Division of	22,314	29,085
Metropolitan Transportation Authority	118,564	18,564
N.Y.C. Rent Control	9,870	11,740
Housing Finance Agency		3,500
Targeted Local Aid		79,000
Miscellaneous total	57,303	70,632
Total	8,790,077	9,519,201

* Excludes supplemental and deficiency appropriations

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

Agency or Purpose	1980-81	1981-82*
Mental Health Office of	705,092	820,585
State University	740,772 ^b	792,449 ^b
Mental Retardation Office of	500,051	590,098
Judiciary	407,528	481,856
Correctional Services, Department of	277,057	330,570
Transportation, Department of	303,987	327,587
Higher Education Services Corporation	269,497	299,093
Health, Department of	98,638 ^b	115,097 ^b
State Police, Division of	90,800	110,987
General Services, Office of	91,823	103,020
Taxation and Finance, Department of	79,065	93,926
Social Services, Department of	70,385	91,362
Legislature	77,907	85,378
Youth, Division for	63,813	76,491
Education Department	65,259	72,763
Parks and Recreation, Office of	59,518	66,013
Motor Vehicles, Department of	32,579	62,761
Environmental Conservation, Department of	50,040 ^b	58,717 ^b
Audit and Control, Department of	29,519	42,327
Law, Department of	27,744	35,840
Commerce, Department of	20,268	27,397
Parole, Division of	22,743	27,016
Agriculture and Markets, Department of	17,153	19,311
Civil Service, Department of	13,984	18,531
Urban Development Corporation	23,428	17,409
Military and Naval Affairs, Division of	15,047	17,228
Labor, Department of	11,619	16,247
Alcoholism and Alcohol Abuse, Division of	13,155	16,140
State, Department of	13,016	15,093
Housing and Community Renewal	11,734	14,837
Criminal Justice Services, Division of	13,071	14,602
Equalization and Assessment	11,260	13,075
Budget, Division of	8,163	12,521
Alcoholic Beverage Control, Division of	7,563	9,997
Executive Chamber	7,915	8,972
Substance Abuse Services, Division of	7,310	8,720
Crime Victims Compensation Board	6,884	8,242
Emergency Dangerous Drug Control Program	20,887	24,723
Other State Agencies and Commissions	127,598	128,347
All Agencies—Salary Adjustments	140,104	9,369
General State Charges:		
Pension Administration Contribution	478,966	482,209
Social Security Administration Contributions	187,357	189,427
Health, Dental and Compensation Insurance	169,608	182,503
Taxes on Public Lands		
Judgments, etc.	42,299	37,400
Employee Benefit Funds	18,888	28,212
Unemployment Insurance	8,200	8,405
Total Current Operations	5,460,194	6,020,725
Debt Service—Lease Purchase Payments	651,749	691,901
Health Insurance Contingency	110,000	92,000
Workers Compensation Reserve		79,347
Total	6,221,943	6,883,973

* Excludes supplemental and deficiency appropriations

^b Excludes amounts financed from respective offset funds (State University Income Fund, Health Services Fund, Conservation Fund)

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

	Appropriations		
	Prior in Force April 1 1981	New 1981-82	Total Available 1981-82
Transportation Dept. of Total	1,027,642	418,345	1,445,987
Highways, parkways, grade crossing elimination and other highway facilities	394,390	253,955	558,345
Mass Transportation and Aviation	698,524	144,411	842,935
Highway operation and maintenance	16,914	15,119	32,033
Canals and Waterways	6,203	4,860	11,063
Port Development	821		821
Love Canal	790		790
Environmental Conservation, Department of	426,935	14,498	441,433
Metropolitan Transportation Authority	408,201	33,015	441,216
Correctional Services, Department of	107,545	140,730	248,275
Mental Hygiene, Facilities Development Corporation, Total	153,016	66,238	219,254
Office of Mental Health	71,312	22,819	94,131
Office of Mental Retardation Administration	73,540	42,835	116,375
Office of Alcoholism and Substance Abuse	4,438		4,438
	3,726	584	4,310
Executive Department, Total	125,892	29,306	155,258
Parks, Recreation and Historic Preservation, Office of	76,175	10,872	87,047
General Services, Office of	26,987	10,456	37,443
Youth, Division of	16,452	4,688	21,040
Military and Naval Affairs, Division of			
State Police, Division of	4,819	3,136	7,946
State Energy Office	680	314	994
Housing and Community Renewal, Division of	480		480
	308		308
Urban Development Corporation	55,900	57,000	112,900
Education, Total	62,697	32,153	94,850
State University Construction Fund	39,871	11,166	41,077
State University	6,211	135	6,346
Community Colleges	5,715	2,938	8,653
City University of New York	12,574	13,754	26,328
Education	7,326	4,220	11,546
Niagara Frontier Transportation Authority	72,448		72,448
Housing Finance Agency	15,000	9,000	24,000
Air Quality Improvements	12,717		12,717
Agriculture and Markets, Department of	5,992		5,992
Health, Department of	3,931	2,008	5,941
Port Authority of New York and New Jersey	884		884
State, Department of	135	140	275
Social Services, Department of		124	124
Albany Port District	7		7
All State Departments and Agencies*	29,097	13,500	42,597
Total	2,508,647	817,285	3,325,332

* Includes amounts for rehabilitation and improvements, handicapped consultants, flood disasters, energy conservation, construction and land acquisition supplements

Table 6. FUNCTIONAL CLASSIFICATION OF ESTIMATED EXPENDITURES, 1981-82
(millions of dollars)

Function	General Fund	Federal Funds	Other Funds	Total
Education	6,591	1,224	940	8,755
Social Development	3,059	5,044	154	8,257
Health	2,631	191	169	2,991
Transportation	1,823	537	263	2,623
Governmental Affairs	1,238	5	97	1,340
Public Safety	689	20	30	739
Environmental Conservation	260	43	47	350
Housing and Community Development	182	52	13	247
Recreation and Cultural Enrichment	196	11	3	210
Economic Development and Consumer Protection	90	4	103	197
Nonallocated General Costs	45 ^a	24	46 ^b	115
Total	16,804	7,155	1,865	25,824

^a Includes repayments to Tax Stabilization Reserve Funds, certain capital construction expenditures and reserves for deficiencies.

^b Includes unallocable fringe benefits and judgements

Table 7. NET OUTSTANDING STATE DEBT, MARCH 31, 1981^a

(millions of dollars)			
	Long-Term	Temporary	Total
Transportation capital facilities	1,477	3	1,480
Highways	(676)	(.....)	(676)
Mass transportation	(682)	(3)	(685)
Aviation	(119)	(.....) ^b	(119)
Housing and urban renewal	678	19	697
Pure waters	545	.....	545
Environmental quality	242	1	243
Higher education construction	149	.....	149
Rail preservation	136	.....^b	136
Outdoor recreation development	134	.....	134
Highway construction	129	.....	129
Mental health construction	55	.....	55
Energy conservation	28	1	29
Parks and recreation land acquisition	16	1	17
Grade crossing elimination	11	.....	11
Total direct State debt	3,600	25	3,625

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

^b Less than \$500,000.

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