"The unique challenges before us demand a shared and unqualified acceptance of the sacrifices required to guide this State toward a less hostile future. The steps we must take will test the limits of our ability to govern equitably, decisively and compassionately."

MARIO M. CUOMO, Governor
Budget Message, February 1, 1983

Introduction

This 1983 *Budget Summary* conatins a mid-year account of the operation of State programs and the second quarterly updated of the State Financial Plan required by the Accounting, Budgeting and Financial Reporting Act of 1981.

The *Summary* contains a report on the current and projected condition of the State and national economy. Based upon these factors and an analysis of actual results for the first six months of the fiscal year, the current year revenue forecasts have been revised. In addition, based upon the experience of the first half of the year, disbursement estimates have been updated. The revised financial plan which results from these re-estimates provides a solid base for managing a balanced budget for the remainder of the fiscal year.

The second part of the *Summary* reports on progress toward the goals articulated in the 1983-84 Executive Budget Message. This section includes a comprehensive program-by-program report on those activities that may have a significant impact on State financial planning during the current fiscal year or in the foreseeable future.

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STATE OF THE ECONOMY

A vigorous and nearly normal recovery has been the hallmark of the national economy so far this year, and the projections to the end of the fiscal year are for more of the same. This recovery is occurring despite historically high real interest rates, however, and there is still a risk that such rates will reduce the growth to sub-par levels. On the other hand, growth in personal income and household wealth can continue to support higher levels of consumption for some time into the future.

For the State, the turning point from recession to recovery occurred some six months later than for the nation, a lag consistent with New York's experience in earlier recoveries. The State will participate in the national recovery with steady and substantial growth in both employment and personal income.

Private sector employment, when adjusted for work stoppages, began growing again in the July-September quarter, marking the first significant increase since the beginning of the recession in late 1981. For the remainder of the fiscal year, increases of over 2 percent at annual rates can reasonably be expected. Government employment, however, will continue to decline so that overall nonagricultural employment will show somewhat more modest rates of growth. The unemployment rate, which has receded from early spring levels of 9.3 percent, will continue a slow decline for the remainder of the fiscal year.

The growth in personal income will increase from recessionary levels of under 5 percent in the first half of the calendar year to more than 8 percent through the end of the fiscal year. With the reduction of inflation from pre-recession peaks to around 5 percent by the end of the year, real income will resume its growth in the July-September quarter and is expected to increase at an annual rate of over 2.5 percent for the balance of the fiscal year.

STATE FINANCIAL PLAN

GENERAL FUND

Cash results for the first six months of the State's 1983-84 fiscal year, while producing a General Fund balance at the end of September somewhat smaller than expected, continue to support the projections of a tightly balanced 1983-84 financial plan. Although receipts are running slightly behind earlier projections made in the summer, virtually all of the shortfalls reflect delays in receipts that are now expected to be forthcoming later in the fiscal year. Cash outlays are, in aggregate, very close to earlier projections.

These six month actual figures and the revised projections strengthen the view that the Executive and Legislature, working together in crafting the 1983-84 State budget, were able to cope successfully with the largest estimated deficit in the State's history—a potential imbalance projected last January to exceed $1.8 billion.

Not apparent in a review of the aggregate receipt numbers are two welcome developments: considerably greater-than-projected strength in collections from the State sales and use tax, building on the strong recovery in consumer confidence that has sparked the national recovery; and a reduction in the number and amount of personal income tax refunds claimed. As a result of the lower refunds, total personal income receipts at the year's end will be some $33 million higher than had been projected in July.

On balance, the pace of disbursements during the first six months of the fiscal year is consistent with the projections made in April, and only slightly revised in July. The employee reduction program, which commenced in April, is producing the savings in operating costs projected in the April plan.

It should be noted that the 1983-84 *Executive Budget* contained a "prototype" financial plan prepared in accordance with generally accepted accounting principles (GAAP). That plan showed that in 1983-84 the State expected to operate at a deficit when operations were reported on a GAAP basis. While the preparation of 1982-83 financial statements led to improvements in applying GAAP to State financial operations, it is probable that 1983-84 financial operations will continue to show a deficit when reported in accordance with these principles.

GENERAL FUND
1983-84 FINANCIAL PLAN

(millions of dollars)

	July	Oct.	Change
RECEIPTS			
Personal income tax	9,376	9,409	33
User taxes and fees	5,194	5,234	40
Business taxes	2,886	2,849	−37
Other taxes	461	465	4
Miscellaneous receipts	918	932	14
Subtotal	18,835	18,889	54
Transfers from other funds	327	277	−50
Impoundment—Deficit TRANs	−500	−500	.....
Total receipts	18,662	18,666	4
DISBURSEMENTS			
Grants to local government	11,151	11,150	−1
State operations	4,730	4,736	6
General State charges	1,400	1,400	.....
Debt Service	236	236	.....
Subtotal	17,517	17,522	5
Transfers to other funds	1,094	1,093	−1
Total disbursements	18,611	18,615	4
Increase in fund balance	51	51	.....

General Fund Receipts

Overall receipts in the General Fund for the 1983-84 fiscal year are now projected to be $19,166 million, up $4 million from the amount projected in July, and up $12 million from the amount originally projected in April. After impoundment of $500 million to repay the tax and revenue anticipation notes (TRANs) outstanding at the end of the 1982-83 fiscal year, and the repayment of $51 million to restore required balances in the Tax Stabilization Reserve Funds, $18,615 million is expected to be available to finance 1983-84 disbursements.

Personal income tax receipts are now projected at $9,409 million, up $33 million from July. Virtually all of the change results from the lower-than-projected refunds to be paid on 1982 liability referred to above. Projected personal income tax receipts are down substantially from the April estimate, reflecting the loss of income which had been anticipated from the proposed withholding on interest and dividend income.

Receipts from user taxes and fees are projected to total $5,234 million, up $40 million from July estimates. These receipts reflect a $55 million increase in anticipated sales tax collections, partially offset by declines in the yield of other taxes, primarily the motor fuel tax.

Business tax receipts are now projected at a somewhat lower level than had been expected in July. These revised projections result, in part, from shortfalls in collections from bank and insurance company taxpayers as well as from more widespread use of Federal exemption provisions by savings and savings and loan institutions. The estimate has also been adversely affected by the impact of lower-than-projected inflation rates on utility gross receipts.

Minor, largely offsetting, changes in virtually all taxes included among revenues from other activities, account for the net $4 million increase from the July projection of receipts from this category. The revisions generally reflect collection experience to date.

The upward revision from July in the projection of Miscellaneous Receipts and Federal grants is due almost entirely to an increase in the amount of investment income now expected for the year.

Transfers from other funds have been reduced to reflect: lower bond fund transfers from the Capital Projects Fund to reimburse spending on local streets and highways under the Energy Conservation through Improved Transportation Bond Act; reduced transfers from special revenue funds including those reimbursing the administrative costs of the Department of Social Services; and lower transfers from the fringe benefit escrow account.

General Fund Disbursements

Total General Fund disbursements are now projected at $18,615 million, an increase of $4 million from the July projection.

Total estimated local assistance disbursements from the General Fund show a slight decrease from July reflecting a transfer of $6 million in spending for certain Division of Criminal Justice Services programs to the State Purposes Account; an increase of $15 million in the income maintenance category; and a $10 million reduction in projected spending under the safe streets and highways component of the Energy Conservation through Improved Transportation Bond Act. Payments by the State under this program are determined by the receipt of substantiated claims from local governments. Thus, the reduction in the disbursement projection reflects a lag in local government submissions, rather than a reduction in program levels.

The projection of spending for State operations during 1983-84 has been adjusted upward by $6 million to reflect the transfer noted above. Spending for State operations for the first six months of the fiscal year has been quite consistent with projections, and, therefore, no additional changes to the projections are necessary.

The projection of State spending for General State charges and debt service on short-term debt remains unchanged.

The projection of transfers to other funds from the General Fund has been revised downward by $1 million. This downward revision occurs entirely in projected tax transfers to the Capital Projects Fund and reflects a lower level of spending from that fund for the first six months of the fiscal year than had been expected in April.

OTHER GOVERNMENTAL FUNDS

No material changes were made in other governmental funds that were not already reflected in the General Fund transactions described above.

STATE FINANCIAL PLAN
1983-84
ALL FUNDS
(millions of dollars)

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	(Memo) Total
Opening Fund Balance		229	89	150	468
RECEIPTS					
Taxes	17,957	545	...	26	18,528
Miscellaneous Receipts	887	170	197	1,028	2,282
Federal Grants	45	7,017	475	25	7,562
Bond Funds			177		177
Subtotal	18,889	7,732	849	1,079	28,549
Transfers from Other Funds	277	1,380	527	1,212	3,396
Impoundment—Deficit TRANS	-500				-500
Total Receipts	18,666	9,112	1,376	2,291	31,445
DISBURSEMENTS					
Grants to Local Governments	11,150	5,940	1		17,091
State Operations	4,736	2,306	4		7,046
General State Charges	1,400	85		...	1,485
Debt Service	236	..	...	903	1,139
Capital Projects		12	1,415		1,427
Subtotal	17,522	8,343	1,420	903	28,188
Transfers to Other Funds	1,093	794	26	1,396	3,309
Total Disbursements	18,615	9,137	1,446	2,299	31,497
Increases (-Decreases) in Fund Balances	51	-25	-70	-8	-52
Closing Fund Balance	51	204	19	142	416

RISKS TO THE PLAN

Like any other projection, the October update of the 1983-84 State Financial Plan contains certain elements of risk. In each of the last two years, major uncertainty over the course of the economy posed a serious threat to the ability of the State to successfully execute a financial plan. Although the risk of materially adverse economic developments appears small for the balance of this fiscal year, other risks remain:

—The plan continues to include some $39 million in receipts from a

regulatory fee on the State's health industry, Federal action on which has not been finalized.

—The plan continues to reflect $91 million in reimbursements for UDC-financed construction of correctional facilities and for transportation capital spending financed by the Thruway Authority. Both of these authorities are selling bonds to finance these projects, and the marketability of the bonds may be affected by outstanding litigation.

—The plan does not contain reserves for Federal aid disallowances related to audits of State mental hygiene facilities.

OUTLOOK FOR 1984-85

The original projections made for 1984-85 on the basis of the Governor's recommended 1983-84 *Executive Budget* showed a small positive margin for the coming year. Changes made to the recommended budget in March and the out-year implications of expected loss of receipts from withholding on interest and dividend income have, however, altered that outlook. Current "base-line" projections suggest that little, if any, positive margin remains. Indeed, additional expenditure reductions or new revenue raising measures may be necessary to maintain a balanced budget in 1984-85.

Nevertheless, while these projections indicate the need for continued expenditure restraint, they do portray a much brighter picture than was available at this time last year. The threat of a massive imbalance, then looming over the budget process, was successfully countered through the adoption of the 1983-84 State budget.

CONVERSION TO GAAP

The State is continuing its multi-year effort to convert its accounting and financial reporting system from one based solely on a traditional cash, or "checkbook," basis to one that will facilitate reporting on a basis consistent with generally accepted accounting principles (GAAP) as applied to governments. Unlike a cash-based system, expenditures under GAAP are recognized when goods or services are delivered, and revenues are recorded when they are measurable and available, regardless of the timing of the cash transactions involved.

The Accounting, Financial Reporting and Budgetary Accountability Reform Act of 1981 (Chapter 405 of the Laws of 1981) formalized the State's commitment to this conversion by: requiring the Comptroller to account and report on the basis of GAAP as well as on a cash basis; mandating the appropriation of all funds (including previously "off-budget" Federal funds); requiring the phase-in of financial plans on a GAAP basis as well as continuing to present them on a cash basis; and initiating a Key Item Reporting System (KIRS) to measure agency performance.

Chapter 405 also called for phasing in outside audits of the State's financial reports, starting with a balance sheet audit for 1982-83, an audit of operating statements for 1983-84, and an audit of all statements required by GAAP (except one for fixed assets) for 1984-85.

The first audit of the 1982-83 balance sheet was completed in July 1983. The Comptroller reported an accumulated General Fund deficit of nearly $4.0 billion on a GAAP basis as of March 31, 1983. As in prior years, this deficit consists mainly of deferred liabilities to school districts, local governments and the State's pension funds, obligations traditionally paid on a lag basis.

FINANCIAL PLANNING AND GAAP

Chapter 405 required preparation of prototype financial plans consistent with GAAP for 1982-83 and 1983-84. An official GAAP financial plan is required for 1984-85 in addition to the cash-basis plan. The independent audit of the 1982-83 balance sheet has established accounting policies that will serve as standards for the future. Previously, unaudited prototype and official financial statements have differed materially from year to year as both GAAP and the State's capacity to apply such principles have developed.

The decision to convert to GAAP was based on the premise that the consistent application of a uniform set of accounting principles to governmental finances will benefit the public, the investment community and governmental managers by allowing them to rest policy decisions on a better understanding of their financial implications. It will take some time, however, to reap these benefits. The independent audit of the 1982-83 balance sheet pointed to the need to develop reliable approaches to the accrual estimates and accounting judgments required

to produce financial reports in accordance with GAAP. It will take several years to develop a consistent GAAP data base against which to measure the State's financial operations. Moreover, the accounting profession continues to debate and revise those accounting principles that are "generally accepted." All states and municipalities moving toward GAAP are affected in one way or another by these problems. New York State is the largest government to attempt this conversion, however, and the accounting principles heretofore designed to serve smaller municipalities may require modification based on the scope and complexity of a state's finances.

Financial plans prepared to reflect projected results of operations on a GAAP basis will, nevertheless, prove useful in focusing attention on the ultimate effects of budgetary decisions. While the legally mandated budgetary balance and appropriations remain cash based, projections of results on a GAAP basis will over the longer term assist State officials to match planned expenditures against available revenues.

CAPITAL PLANNING

Chapter 837 of the Laws of 1983 amended the State Finance Law to create a formal five-year capital planning process for New York State. Specifically, Chapter 837 requires the Governor to prepare a Five-Year Capital Plan each year. The plan must include information on new and existing capital projects and the financial resources to support them. The plan will be prepared on an "all funds" basis, and will include spending to meet capital needs from the Capital Projects Fund, the General Fund-Local Assistance Account, Special Revenue Funds, Proprietary Funds and Fiduciary Funds.

Beginning in January 1984, the capital plan must be submitted to the Legislature as part of the *Executive Budget* and must include all proposed appropriations or reappropriations of capital projects included in budget bills. The Governor is required to explain the mix of financing methods that will support the plan and evaluate the effect of any additional debt on the credit of the State. In the case of debt to be issued by a public authority, the Governor must evaluate its effect on the credit of both the authority and the State.

The legislation provides a comprehensive capital planning process which will enable the State to manage its limited resources and plan for the future more effectively. The urgency of substantial improvements in the State's infrastructure and the need for significant capital expenditures to rebuild public works occur at a time when budget deficits must be addressed and real interest rates for long-term financing remain, by historical standards, high. The new capital planning process will promote better choices and assignments of priorities among capital projects, and thus improve the allocation of scarce construction funds.

Chapter 837 combines elements of planning, information and management. From a planning perspective, the legislation requires agencies and authorities to prepare Capital Projects Statements which are submitted to the Division of the Budget. These statements include descriptions of projects; appropriation, expenditure and disbursement data; and information on proposed sources of financing for all projects that an agency proposes to undertake or continue in the next five years. The Budget Division will use these statements, together with information from other sources, to make capital plan recommendations which will be submitted to the Legislature as part of the *Executive Budget*.

From an informational perspective, the legislation requires the Comptroller to prepare quarterly reports on capital projects, starting in 1984-85, to track the progress of appropriations that support the plan.

From a managerial perspective, the legislation requires development of comprehensive capital budget formats and places new

restrictions on certain transfers of funds among capital project appropriations. Each agency's capital projects must be classified by category in the Five-Year Capital Plan, and the same categories must be used in the *Executive Budget* and in the Comptroller's quarterly capital projects reports.

PUBLIC AUTHORITY AND INVESTMENT CONTROLS

Chapter 838 of the Laws of 1983 contained several measures to improve public authority oversight. The law recodified the statute of the Public Authorities Control Board (PACB), clarified its power to approve financings by covered public authorities, added two new nonvoting board members, and extended its jurisdiction to include the Energy Research and Development Authority.

In addition to strengthening PACB, the chapter adds a new section to the Public Authorities Law to require statewide authorities, beginning January 1, 1984, to adopt guidelines on their personal service contract policies and procedures, and to review and approve such guidelines annually.

Finally, under a new title of the Public Authorities Law, all public authorities and public benefit corporations are required to adopt guidelines consistent with basic statutory criteria to govern the investment of their funds. These guidelines must describe types of permitted investments, prescribe procedures for preserving the value of investments and monitoring the security of collateral, provide for prudent diversification, and establish quality standards for judging institutions with which authorities propose to deal.

PROGRAM HIGHLIGHTS

TRANSPORTATION

HIGHWAYS AND BRIDGES

Effectively maintained highways and bridges are fundamental to the continued industrial development and economic growth of New York State. Much of New York's industry is located outside large metropolitan centers, and 70 percent of the communities in the State are not served by railroads. As a result, the State highway system, which accommodates over 60 percent of all automotive and truck traffic, is critical to the State's economy.

New York remains committed to the improvement of its highway system. But the emphasis of the program has now shifted from new construction to the reconstruction and preservation of highways and bridges. Although more than half of the Department of Transportation's annual capital expenditures are devoted to improving or rehabilitating highways, the resources available have simply not been sufficient to arrest their deterioration.

State Highway Construction and Reconstruction Program commitments will total approximately $870 million in 1983-84. While this investment is substantial, the State cannot commit enough general revenues to reverse the decline of the State's transportation infrastructure without seriously disrupting other vital services.

The Department of Transportation reports that one-fifth of the State highway bases are rated as poor, requiring prompt remedial action beyond ordinary maintenance. The condition of State bridges is even more critical. Inspections show that the proportion of bridges which are structurally deficient has risen from nearly 14 percent in 1977 to more than 23 percent in 1983. Of the State's 7,200 bridges, approximately 1,700 are now structurally deficient and require replacement or major rehabilitation.

In the Surface Transportation Assistance Act of 1982, the Federal government recognized these nationwide problems by raising fuel taxes by five cents a gallon to fund expanded highway, bridge and transit programs. As a result, Federal aid for New York's transportation facilities will increase significantly over the next four years.

Nevertheless, even this enhanced Federal financing will not be sufficient to meet current needs. The State must provide matching funds to obtain the new Federal aid, and must also finance many vital transportation projects not eligible for Federal funds.

Accordingly, the Governor has proposed, and the Legislature has passed, legislation to place a $1.25 billion Rebuild New York Bond Act before the people in the November election. The bond program will provide about $795 million for State highways; $275 million for local highways; and $180 million for port, rail, transit and waterway improvements. The bond proceeds will be augmented by $385 million in regular State funds for local highway aid, highway-rail grade crossing improvements, and canal and transit improvements.

The Rebuild New York Bond Act Program, when combined with the new Federal aid it will attract and with the Department's ongoing capital facilities program, will provide $7.4 billion for infrastructure improvements in all areas of the State. This multi-year comprehensive program will enable the State to make significant inroads into the backlog of deteriorated highways and structurally deficient bridges, and to reverse the decline of the State's transportation facilities.

MASS TRANSIT

Capital. In August 1983, the Metropolitan Transportation Authority adopted a $1.3 billion increase to the $7.2 billion Five-Year Capital Program launched in December 1981. This increase largely reflects additional Federal funding, an increased yield of State service contract bonds due to favorable interest rates, the State's commitment to finance $120 million of new programs, and balances of pre-1982 financing programs brought into the capital plan.

The major new projects included in the $1.3 billion plan revision are as follows:

New York City Transit Authority

—Automatic fare collection system.

—Expansion of yards to provide car storage for the entire car fleet in secured areas.

—Increased provision for passenger related improvements such as car air conditioning and station modernization.

Commuter Railroads

—Extension of electrification to Ronkonkoma and Northport.

—Automatic fare collection.

—Additional passenger station improvements.

—Funding for engineering to accomplish future work.

—New rolling stock for Upper Hudson and West of the Hudson services.

—Major repairs to the Park Avenue Tunnel.

In addition, the MTA has made substantial progress during the first two years of the five-year program. Over $3.0 billion of the $8.5 billion program will be committed to contracts by year's end, and the first of 1,375 subway cars on order are to be delivered by the end of October 1983, three months ahead of schedule. On-time performance of subway trains is being strengthened through intensive programs to upgrade tracks and signal systems, and the reliability of the fleet will continue to improve as the enhanced car rehabilitation programs are completed.

Overcrowding on commuter passenger cars will be relieved by the addition of 329 cars now on order. Electrification of the Upper Harlem route, to be completed in March 1984, will reduce both passenger travel

time and annual operating costs. In addition, design contracts for extension of electrification on the Long Island Rail Road to Suffolk County have been awarded, and over 45 percent of the $452 million shop and yard improvement programs for the system as a whole have been committed to contracts. These programs will increase the efficiency of maintenance programs, while also addressing demands of an increased fleet size. Furthermore, the costly practice of moving empty trains back to Queens on congested tracks will be curtailed by providing adequate storage space in Manhattan.

To assure that program priorities within the capital plan reflect the actual needs of the systems, MTA will update its 1980 Capital Facility Needs Evaluation by January 1984. The capital plan will be adjusted, if appropriate, in accordance with the findings of the updated capital needs assessment.

In its continuing effort to improve mass transportation, the State has provided $7.0 million to match Federal funds to enable the upstate regional transportation authorities and other municipally sponsored transit systems to acquire 181 buses; to construct maintenance and storage facilities for bus fleets; and to purchase service vehicles, shop equipment and wheelchair lifts. The objective of the bus program is to maintain the bus fleet at an average age of approximately seven years.

Improved Oversight. As a result of legislation enacted in June 1983, the State has established a Public Transportation Safety Board to monitor safety plans and investigate accidents on public transit systems across the State. The Board will review the safety and maintenance programs of public transportation systems and require every municipality operating a public transportation system to file transportation safety plans.

A number of recommendations of the Special MTA Study Panel Report, now being put into effect, should improve both the quality of MTA budgets and administrative and operational accountability. As a result of the report, the MTA will develop—and submit to the Governor and the Legislature by January 1984 — a five-year strategic operations plan, addressing such issues as the overall configuration of major MTA systems and projected levels of service, and the level and structure of fares and sources of revenue. The MTA will also strengthen its central budgeting and management planning functions, and will reform its purchasing practices to ensure adequate management controls.

Legislation in 1983, following the Panel Report, restructured the dormant Office of the MTA Inspector General. The Governor's appointment of an independent Inspector General has guaranteed residents of the metropolitan region a strong advocate to review the day-to-day operations and practices of the MTA and its operating agencies. Additionally, as a result of the Panel Report, the MTA will submit its budget to the Governor by November 15, 1983 for his review and comment. Prior to its adoption, the Governor will provide an advisory report on the budget to both the MTA Board and the Financial Control Board.

Operations. In December 1982 the Legislature passed new tax legislation which rectified the funding shortfalls experienced in the previously enacted dedicated tax program for transit operations. A two-year surcharge on business taxes in the metropolitan region, estimated by its sponsors to yield $270 million annually, permitted the operating agencies of the MTA, as well as other downstate transit systems, to enter 1983 with secure State funding for the first time since 1979.

Mid-year projections indicate sufficient dedicated tax revenues will be collected in 1983 and 1984 to meet existing and anticipated State appropriations in support of transit operations.

RAIL SERVICES

In 1983-84, the State appropriated $3.75 million of additional branchline assistance funds, bringing State grant moneys to a total of $18.4 million since 1981. Such funds protect the State's rail dependent business from threatened abandonment of 1,350 miles of ConRail track in New York State.

Because of the availability of branchline funding, the State has been able to respond quickly to ConRail's expedited abandonment procedure. As of August 1983, for example, the program has committed $12 million to 32 projects which has resulted in maintaining rail service to 350 businesses employing 30,000 workers. The Department of Transportation expects that the balance of uncommitted grant funds will be adequate to protect the State's industry from potential abandonments throughout fiscal 1983-84.

The proposed Rebuild New York bond issue contains $50 million to address high priority rail projects in Erie and Niagara counties and in New York City. In the Buffalo area, approval of the bond issue will provide adequate funding to undertake badly needed rail terminal improvements. In New York City, the bond issue will provide funds to complete the reconstruction of the Harlem River Yards as part of the $73 million rail clearance and intermodal service program. Additionally, rail service improvements on the Brooklyn waterfront will complement the Bronx intermodal program and provide full freight access to businesses in the waterfront area.

HUMAN SERVICES

The State cannot compensate dollar for dollar for the reductions in Federal aid suffered by human services programs. Through more efficient management of services and funds, however, it is making a sustained effort to maintain services for those hit hardest by those cuts and by unemployment. The State—joining with local governments, community organizations, and other service providers—remains committed to helping those members of the State family who most need government's help.

In his 1983-84 Budget Message, the Governor restated his commitment to providing every New Yorker with adequate food, shelter and medical care—a commitment not easy to uphold in light of accelerating Federal cutbacks. But through the cooperative and creative efforts of the Executive and Legislature, a solid slate of legislation was enacted this year to ensure that the State can continue to provide all of its people with these basic human needs.

In restructuring the Medical Assistance Program, State government is assuming greater financial responsibility for the support of dependent populations. By absorbing these costs, the State is lifting a major financial burden off the backs of local governments. The State and local jurisdictions are investigating a reallocation of responsibilities for providing services for the mentally ill, as well. And, of course, the State's commitment to sheltering the homeless should help local governments to care for that needy group.

CARING FOR THE HOMELESS

To preserve the human dignity of each of its citizens, the State provides basic services for those who must rely on government and community for support. Of particular urgency — and a problem which must be reckoned with not only in this State, but across the nation — is the growing number of people living on the streets in many cities, vulnerable to the social and economic conditions around them. Few problems facing society today require such across-the-board integration and coordinated management by all levels of government, the private sector and voluntary and nonprofit organizations.

This year the Governor established a four-year, $50 million Homeless Housing and Assistance Program (HHAP) to provide permanent housing, temporary shelter and services for this homeless population. Administered by the Department of Social Services, $12.3 million in grants will be awarded this year to municipalities, not-for-profit agencies, and charitable organizations to develop permanent housing throughout the State.

In addition to the $12.3 million appropriated for HHAP, the State is providing approximately $29 million this year to support public shelters and emergency housing for short-term residency. At State direction, each local social services district recently established procedures to ensure access to this emergency housing, and to speed up determinations of public assistance eligibility for homeless persons. Although such housing is viewed only as an emergency stop-gap measure, the State is also developing environmental standards for hotels and motels to ensure their safety and adequacy. Finally, the State revised its procedures for calculating income maintenance grants to increase economic incentives for the homeless to establish permanent independent living arrangements.

Federal agencies, nonprofit organizations and local governments are also sharing in efforts to confront the problem of the homeless. The Governor's $12 million first-year appropriation will leverage an additional $24 million in private and local government expenditures. The Federal government is providing $4.5 million to New York under the Federal Emergency Jobs Act for emergency shelter and congregate meal programs. And local governments are contributing $2.0 million to be added to the $4.0 million in grants distributed by the Division of Housing and Community Renewal to not-for-profit organizations for acquiring and renovating single-room occupancy housing for the needy.

MENTAL HEALTH/MENTAL RETARDATION/ALCOHOL AND SUBSTANCE ABUSE

As the State continues to rebalance its service network for the mentally disabled — shifting from a reliance on long-term institutionalization to community-based care — the Office of Mental Health, the Office of Mental Retardation and Developmental Disabilities, the Division of Alcoholism and Alcohol Abuse, and the Division of Substance Abuse Services are also reviewing the operational needs of their respective facilities and programs to accommodate this transition.

The Office of Mental Health (OMH) provides inpatient services to adults and children in State psychiatric centers, as well as to mentally ill individuals in the criminal justice system. The resources made available in the 1983-84 *Executive Budget* anticipated a year-end census of approximately 21,800 in the 23 State-operated psychiatric centers serving the adult population. Recent reports, however, show a current inpatient workload of 21,300, resulting in a more favorable staff to inpatient ratio than previously anticipated

In 1983-84, OMH is making a concerted effort to direct State and Federal funding toward the support of critical community-based mental health day services for populations identified as being particularly at risk of mental illness. Newly targeted populations include the homeless, minorities and certain individuals presently excluded from services available through the Community Support System (CSS).

To ensure the availability of residential alternatives to State institutionalization, the Office is taking steps to restructure its Community Residence Program to reflect changing needs in funding

and management. A revised program and funding design for community residences is expected to be implemented beginning July 1, 1984. In addition, consistent with the *Executive Budget*, OMH is proceeding to certify Residential Treatment Facilities (RTFs)—a new inpatient treatment setting for children which offers an alternative to State hospitalization.

With the increased emphasis on community-based services for the mentally ill, there is a need to review the respective programmatic and fiscal responsibilities of State and local government. In August, the Governor appointed a Select Commission on the Future of the State-Local Mental Health System. The Commission is charged with developing policy options to improve the coordination of mental health services offered by the State, counties and other providers, as well as evaluating financing mechanisms to permit a restructuring of services and relationships between State and county governments. As an immediate step, the Governor has directed the Commission to establish a special subcommittee to develop short-term recommendations to ease overcrowding in municipal and State psychiatric inpatient units in New York City.

The State has also made significant progress during 1983-84 in assisting the Department of Correctional Services to meet its urgent need for space by utilizing surplus buildings which have become available because of the State's successful Mental Hygiene deinstitutionalization effort. Already operational are 250-bed correctional facilities on the grounds of St. Lawrence Psychiatric Center and Craig Developmental Center, and a 350-bed facility at Gowanda Psychiatric Center. By April 1984, 500 more correctional beds will open at Gowanda, with an additional 300 beds available at Marcy Psychiatric Center. Moreover, construction, rehabilitation and program consolidations at Utica/Marcy and at St. Lawrence Psychiatric Centers and at Craig Developmental Center will enable the State to increase, at minimum expense, Correctional Services capacity by an additional 1,700 beds while maintaining the high quality of its existing mental hygiene programming.

The Office of Mental Retardation and Developmental Disabilities (OMRDD) continues to provide services for both those individuals who require institutional care and those who can be appropriately served in the community. With the signing of the Willowbrook Consent Judgment in 1975, the State committed itself to improving care within Willowbrook class developmental centers through enriched staffing. Since that time, the Office has also improved client care in its other facilities by augmented staffing, and, at the same time, has successfully placed approximately 6,500 institutional clients in communities. During 1983-84, the Office estimates that 1,100 persons will be placed in community residences, family care homes, or intermediate-care facilities; of these, about one-half will have come directly from the State's developmental centers.

This decline in client census has reduced staffing needs at certain developmental centers. Consequently, several hundred layoffs are scheduled during the remainder of this fiscal year.

Together with the continuing efforts to maintain a high level of care at the State's developmental centers and to expand community programs, the Office has taken further steps to ensure that its services are both appropriate and efficient. Effective July 1, 1983, OMRDD installed a new budget-based rate-setting methodology for voluntary-operated community residences, thus making significant progress toward a cost-based rate system. A similar system is under development for day-treatment programs, also a critical component of the community placement effort.

OMRDD has greatly strengthened its quality assurance and regulatory capacity through a reorganization of its Division of Quality Assurance. This reorganization will assure that appropriate care is provided to clients, even in a period of fiscal constraint. The Division's survey, inspection and audit activities, when coupled with the planned implementation of a more sophisticated management information system, will enhance the quality of client care by providing a comprehensive data base correlating incidence reporting, certification results, and audit findings.

Also noteworthy is the emergence in recent years of discrete services tailored to the program and care needs of special populations. The latter include clients who are extremely assaultive or aggressive, who may be involved with the criminal justice system, who are autistic or multiply disabled, or who either are mentally retarded or have a dual diagnosis of mental retardation and mental illness and reside in facilities operated by the Office of Mental Health. Creating special care units has enabled OMRDD to provide a level of service heretofore absent or lacking for clients with special needs.

The Divisions of Alcoholism and Alcohol Abuse (DAAA) and Substance Abuse Services (DSAS) have similarly emphasized the development of a comprehensive, community-based services system for substance and alcohol abusers. DSAS no longer operates inpatient programs, but supports more than 42,000 treatment slots in a variety of residential and outpatient settings. In addition to operating approximately 500 beds at 13 residential treatment centers, DAAA supports, through State aid, a local services network with projected gross expenditures exceeding $60 million during 1983-84.

Increased demand for DAAA-supported outpatient treatment services is likely to result from the recent enactment of Chapter 595 of the Laws of 1983, which requires all group insurers to offer reimbursement for the diagnosis and treatment of alcoholism and alcohol abuse on an outpatient basis. Additionally, the service system has experienced an increase in the referral of driving-while-intoxicated (DWI) cases for treatment. The development of improved utilization review and

certification procedures will help DAAA cope with the actual and anticipated growth.

The Federal Omnibus Budget Reconciliation Act of 1981 established the Alcohol, Drug Abuse and Mental Health Block Grant to succeed a program of categorical and formula grants. Although total Federal financial support was reduced by 25 percent from Federal fiscal year 1980, the residual balances from previous grants and careful management actions by the three participating agencies (OMH, DAAA and DSAS) will delay significant program reductions until 1984.

MEDICAL ASSISTANCE

During the past several years, the State has initiated a number of reforms in the Medicaid Program to contain the dramatic growth of expenditures while, at the same time, ensuring adequate services to those in need of medical care. In the past year alone, the State has implemented such Medicaid initiatives as establishing needs assessment methodologies and standards of care in the Personal Care Program, taking over a greater proportion of local costs of long-term care, and consolidating its audit of those who provide services under the Medicaid Program.

Notwithstanding these State actions, the Federal government continues to shift the growing cost of medical care for the needy to the states and localities. The Federal government is maintaining its percentage reduction of Federal financial participation in Medicaid and now proposes to reduce payments even further by imposing sanctions on states for prospective errors in the Medicaid Program. Additionally, further reductions in Medicare coverage for the elderly are being considered by the Federal government.

As the Federal government abdicates its responsibility, State efforts to control Medicaid costs without reducing benefits to deserving recipients become critical. During the past year, the State Administration advanced a sweeping Medicaid reform proposal aimed at developing comprehensive and lower-cost alternatives to institutional care and services provided in hospitals and nursing homes. The proposal emphasized development of primary care case management programs, prepaid contractual health service plans, and competitive bidding for supplies and selected services. Unfortunately, the Legislature failed to act on this reform package and in the coming year, the Administration will again propose major legislative initiatives. Additionally, the State will closely monitor developments in existing demonstration programs to redirect medical care toward less costly and more effective services.

The Personal Care Program, which provides at-home patients with assistance in performing daily living activities, has grown significantly during the past several years. Installing a county needs assessment methodology and promulgating standards for personal care will contribute toward controlling the rising cost of this program. For 1984-85, the needs assessment process will be refined to make the methodology more accurate, cost-effective and responsive to individual county circumstances.

Long-term care represents one of the fastest growing components of the State's overall Medicaid Program and places an increasing fiscal burden on the State's local governments. During 1983, the State enacted legislation calling for a three-year phase-in of increased State assumption of local Medicaid costs for long-term care. Effective January 1, 1984, the State share of these local costs will increase to 72 percent of the non-Federal share. This reimbursement rate will rise to 76 percent during 1985 and 80 percent during 1986. Increased State assumption of these costs during the phase-in period will result in projected local government savings of more than $1.5 billion — savings that will enable local governments to reduce their reliance on the property tax to support local costs of Medicaid services.

Statewide implementation of the Medicaid Management Information System (MMIS), completed during the past year, has streamlined and accelerated the payment of Medicaid claims. In the coming year, MMIS will be used increasingly to identify fraud and abuse in the Medicaid Program. This will involve continued screening to determine aberrant utilization and claiming patterns by both recipients and providers of care. Additionally, the system will reduce the volume of erroneous claims submitted to the State for payment.

During 1983-84, the State consolidated the Medicaid provider audit function by transferring to the Department of Social Services the majority of audit activities previously carried out by the Department of Health and the Offices of Mental Health and Mental Retardation and Developmental Disabilities. This centralization of audit activities will result in more focused and productive auditing of the Medicaid Program, achieving significant long-term savings for the State, estimated at $5.0 million for the current year.

State efforts to control Medicaid costs by encouraging alternatives to expensive institutionalization, cutting back further fraud and abuse, and strengthening the State/local relationship will continue in the coming years.

INCOME MAINTENANCE

New York State's income maintenance programs are designed to provide adequate cash assistance to the needy and to foster recipient self-sufficiency through employment incentives and training. During the past year, the economic recession, coupled with diminished Federal support for the needy, has resulted in an unexpected and unusually large growth in public assistance caseloads, further underscoring the critical importance of an effective and well-managed State income maintenance system.

A major priority for the State during this period has been revamping and expanding employment services and training. Accordingly, funding for the Temporary Employment Assistance Program (TEAP) has been

increased, encouraging greater involvement by private-sector employers in job placement and training. Furthermore, the TEAP approach to employment placement, which includes temporary wage subsidies to private-sector employers, has been extended to the Aid to Families with Dependent Children (AFDC) caseload through a recently approved demonstration project. A separate demonstration program is training qualified AFDC recipients as home health aides — a measure that should both reduce welfare dependency directly and decrease the need for long-term institutional medical care.

To foster a more positive approach toward employment of recipients of public assistance, the State is also studying alternatives to existing work-rule requirements aimed at intensifying local training and employment placement efforts for the recipient. In addressing the overall employment needs of low-income individuals, youth employment programs will place special emphasis on preventing welfare dependency. Accordingly, State agencies will participate actively in coordinating an estimated $155 million in Federal Job Training Partnership Act (JTPA) funds channeled directly to local service delivery areas.

The fiscal viability of the public assistance system requires adequate financial assistance for hard-pressed local governments. As in previous years, the State has assumed all local Supplemental Security Income (SSI) costs and has provided bonus payments to those social services districts that have effectively controlled their AFDC ineligibility error rates. The State has also continued to assume the local share of financing the Home Energy Allowance.

In addition, despite Federal cuts in direct services to the needy, New York State has maintained, and expanded where necessary, the availability of other essential assistance programs. The problem of the homeless, discussed earlier, has emerged as a major challenge to state and local governments across the nation. The State has also recently established a program of legal services to provide effective representation to disability claimants applying for or receiving Federal SSI or Old Age Survivors Disability Insurance (OASDI) benefits. Many of these needy persons have been denied Federal assistance under increasingly stringent Federal disability criteria. The State also continues to fund selective aspects of public assistance programs affected by Federal budgetary reductions. For example, as an investment in the development of productive and self-sufficient young adults, the State-local Home Relief Program will maintain public assistance for high school and college students from 18 to 21 years of age.

New York State also continues to emphasize effective management of its welfare programs. The Department of Social Services, which provides technical assistance and administrative support to local districts, has improved the process for determining eligibility for public assistance. Specific measures include operation of the Wage Reporting and Child Support Management Information systems and on-site review of local claims to ensure proper allocation of costs for public assistance and care programs. The Welfare Management System (WMS), an automated information and eligibility determination process, has been fully operational in all 57 upstate counties for two years, and is being extended into New York City. The Department has designed the New York City WMS as the functional equivalent of the upstate version, with modifications and enhancements to accommodate New York City's size, caseload and structure. Full-scale implementation of WMS in New York City will commence in 1984-85.

SUPPORTIVE SERVICES

In his *Executive Budget,* the Governor articulated his long-term commitment to improving the quality of life, and guaranteeing social justice for the State's needy populations. Providing sufficient support and necessary services to the unemployed, the homeless, the disabled and the elderly poor rank high among this Administration's priorities. New York State will make noteworthy progress this year toward achieving these long-term objectives.

In 1983-84, New York State's share of Federal Title XX funds increased by about $16 million, primarily because of the enactment of the Federal Emergency Jobs Appropriation Bill. Consistent with the intent of this Federal legislation, the State expanded its supportive services program to assist unemployed and disadvantaged New Yorkers to reduce or eliminate their economic dependence. Specifically, the State allocated approximately $13 million to local governments to enable them to develop locally tailored programs designed to foster self-sufficiency among public assistance recipients and other low-income people. Localities responded by expanding programs to include such services as counseling, skills development, vocational assessment, job placement and day care. These efforts, coupled with existing employment programs, will increase the productive capacity of New York's residents.

Besides intensifying efforts to improve services for the growing homeless population, New York will provide some $48 million (outside current Federal Title XX funding limitations) for essential community-based services to needy children and families, the elderly and the disabled. The Governor reaffirmed his commitment to improve the quality of life for New York's children by expanding the availability of preventive, protective and day care services. These services are critical to families in crisis, helping such families to remain intact while they receive training, counseling, or crisis intervention. New York is also continuing to develop innovative service models to address the range of problems associated with teenage pregnancy and domestic violence. In recent years, these programs have grown in response to the increased

incidence and heightened public sensitivity to the problems of this high risk population.

New York State has coupled creative program development in child welfare services with greater fiscal and programmatic accountability. Continued implementation of the Child Welfare Reform Act (CWRA) and the completion of statewide installation of the Child Care Review Service (CCRS) by December 1983 will enhance the State's ability to provide high quality services within the limits of its financial plan.

New York's elderly residents have also been recognized as deserving priority service. Through the Community Services for the Elderly Program and the Recreation Program for the Elderly, the State is providing a broad range of health, social and recreational services to elderly persons to enable them to enjoy their senior years in their own homes and communities. New York provided full per capita funding for the Community Services Program ($11.1 million) in 1983-84, and the Governor approved legislation increasing the per capita rate beginning April 1, 1984. By reducing the number of elderly in institutions, the Community Services Program is satisfying a short-term objective of easing the high cost of long-term care in State-operated facilities. In the long run the program will improve the quality of life for many elderly New Yorkers.

Although an important goal of the State is to lessen reliance on institutionalization for disabled children and adults, the Governor, in his *Executive Budget*, recognized that community-based alternatives to institutional care are not always available or appropriate for the seriously disabled. Some individuals are so socially or mentally disabled that they require long-term institutional care. In 1983-84, the State will provide $1.8 million to localities for continued residential care for children "aging out" of the foster care system. The transitional care program is a short-term solution to serving this needy population. The Council on Children and Families (in cooperation with the Department of Social Services, the Office of Mental Health, and the Office of Mental Retardation and Developmental Disabilities) is developing a planning and referral process for meeting the long-term residential-care needs of disabled individuals who will require care after the age of 21.

HEALTH

In 1982, several categorical aid programs were consolidated into two major block grants: Maternal and Child Health, and Preventive Health and Health Services. At the same time the Federal government reduced the funds available to New York State for these programs by $4.2 million. The State Department of Health responded by allocating available funds to meet the most pressing needs, reducing noncritical program areas, and seeking other funding sources. In addition (consistent with statutory requirements), the Department formed two advisory councils to help plan, manage and monitor the expenditure of the block grant funding. These councils, consisting of community leaders in the health field, ensure broad public participation in the administration of these funds and provide assurance that they are spent in a manner that reflects local government and community priorities.

Through these efforts, the Department has maintained existing service levels to the public and, in some instances, expanded the types of services provided with Federal funds. For example, the Department has initiated several environmental protection services, including programs to identify and monitor environmental risks to human health and a program to establish uniform procedures for investigating and evaluating hazardous waste disposal sites.

During the current year, the Department received from the Jobs Appropriation Bill a supplemental allocation of $7.7 million for the Maternal and Child Health Block Grant. A significant increase in the block grant allocations is also anticipated during Federal fiscal year 1984. These additional funds will enable the Department to expand its existing service network, as well as to develop new programs to meet unserved needs.

The Department, of course, also seeks to ensure that services funded with State dollars are provided efficiently. Working with the New York State Association of County Health Officials, the Department has developed guidelines for State-funded activities provided by local health departments. The guidelines set forth a uniform description of public health activities and indicate the objectives that counties should strive to achieve for each activity. During the coming year, the Department will direct implementation of these guidelines. Further, the Department will assist counties next year in the assessment of overall community health needs. These actions will promote the judicious use of State resources at the local level.

The Department of Health also began this year to counter the devastating effects of the Acquired Immune Deficiency Syndrome (AIDS). Consistent with recently enacted legislation, the Department established an AIDS Institute responsible for promoting scientific investigations into the cause and treatment of the disease, for developing an outreach campaign directed toward high-risk populations, and for promoting the availability of supportive services for affected persons. These efforts should help focus necessary resources and attention on combating this potentially fatal disease.

JUVENILE JUSTICE

The Division for Youth (DFY) is responsible for the prevention of delinquency and the rehabilitation of trouble-prone youth. To accomplish its mission, the Division operates residential facilities for youth placed under its supervision by the criminal and family courts, and also provides aftercare services for youth released from its facilities. The Division allocates financial assistance among community-based

organizations for delinquency prevention programs, and among local social services districts for care and maintenance of juvenile delinquents and persons-in-need-of-supervison.

Since enactment of the Juvenile Offender Law (Chapter 481 of the Laws of 1978), the Division has witnessed an extraordinary growth in the number of juvenile offenders remanded to its secure facilities by the criminal courts. To accommodate this unanticipated demand, the Division quickly expanded and renovated certain of its facilities. During 1983-84, this multi-year effort will culminate in the rehabilitation of several vacant buildings at the Tryon Campus.

In addition, to deal with widely varying needs and circumstances, the Division is also expanding its programming options. For example, the Harold A. Stevens Temporary Release Center, which opened this year in New York City, permits juvenile offenders who are within one year of release to leave the secure community-based facility to seek jobs or attend educational or vocational training programs.

The Division is also establishing programs to improve job skills and enhance employment opportunities for the State's youth. Through the Division's advocacy efforts, local youth bureaus will coordinate the Youth Employment and Training Plan now being developed in each of the State's service delivery areas. Simultaneously, efforts are underway, through an Albany-based pilot project, to place DFY youth in unsubsidized private-sector job openings. The sponsor's desire to expand the program to its retail sites in other areas where job-ready DFY clients are located attests to the success of the pilot.

The Division continues to support local efforts to prevent delinquency through its Youth Development and Delinquency Prevention Program and its Special Delinquency Prevention Program, which provide 50 percent and 100 percent State aid, respectively.

ECONOMIC DEVELOPMENT AND EMPLOYMENT

Three common themes link the State's approach to economic development and employment. First, the State is promoting responsibility in the use of its resources by targeting investment to critical problems. Second, the State is encouraging the leveraging of significant private sector support — both management and financial — in its projects. Finally, all State needs and projects are being considered in the context of limited State resources.

INVESTMENTS IN TECHNOLOGY

No developments in the national economy currently receive more attention than those in high technology. New York State has taken several critical steps to ensure that its residents share fully in the jobs and other long-term benefits resulting from the projected growth in high technology industries. Like other components of the economic development program, initiatives in this area are predicated on sound strategic planning and the creative use of available Federal funding and private capital.

The first step in fashioning a high technology development program was a study, completed under the auspices of the Science and Technology Foundation, that set forth the objectives that should guide the State's activities and investments in this field. Importantly, the study identified two areas — information processing and bio-medical engineering — in which the State should concentrate its efforts. This analysis also framed the policy and financial questions that must be addressed as part of a long-term development program.

In keeping with the recommended allocation of State funding to high-payoff activities, initial investments have focused on the research and development so critical to the creation of new technologies and their application to manufacturing processes. Legislation enacted in 1982 authorized an estimated $30 million to finance a Center for Industrial Innovation on the campus of the Rensselaer Polytechnic Institute. A key ingredient of this effort will be some $35 million in private support for equipment.

Additional initiatives — the Centers for Advanced Technology and the Corporation for Innovative Development — are also designed to strengthen the State's commitment to new technologies, and are also structured around the financial participation of the Federal government and private investors. Both programs are administered by the Science and Technology Foundation and provide support to selective research and development efforts and to new technology-based businesses.

IMPROVING THE BUSINESS CLIMATE

At the same time that it encourages new technologies, New York State seeks to assist existing enterprises. It continues to make its business climate more attractive by removing or streamlining burdensome regulations. Among the most notable steps to this end is the establishment of the Temporary State Commission on Banking, Insurance and Financial Services Industry. The Commission, composed of leading financial and consumer experts, is charged with studying this quickly changing industry and proposing reforms in the State's approach to regulating it. It is expected that the Commission's work, slated for completion by mid-February 1984, will ensure the continued pre-eminence of the State as a center of international finance.

Another activity, aimed particularly at creating jobs in economically distressed areas, is the Targeted Jobs Program. This unique Urban Development Corporation (UDC) program, now in its second full year of operation, has creatively combined private capital, UDC financing, and other public funds in development projects that will result in permanent jobs in distressed areas while repaying the Corporation's investment. In addition, some projects have included joint financing

from UDC and the Job Development Authority, thereby making maximum use of the resources of both authorities.

These initiatives have built upon the established programs of the State Department of Commerce and other agencies or authorities active in economic development. Substantial public construction projects, such as the New York and Rochester Convention Centers, Battery Park City and the Buffalo Parking Garage, have either moved into construction this year or have passed critical design benchmarks. In addition, recent completion of the South Street Seaport will help preserve the vitality of this historic section of the City of New York. Each of these projects is a critical link in the development program of the city in which it is located and will aid economic growth through job creation.

The State is also making substantial investments in other sectors that cut across its economy — agriculture, tourism and the infrastructure. In agriculture, the largest sector of the economy, the establishment of the new Agricultural Producer's Security Fund will greatly strengthen the financial stability of agribusiness in New York State. In tourism, legislation enacted in 1982 established a statewide system of urban cultural parks with combined private and public financing. These parks will couple needed economic revitalization of 13 designated urban areas to historic preservation, education and recreation opportunities. During this year it is expected that approval of grants to nine communities will enable them to begin planning activities. Finally, the Rebuild New York Bond Act discussed elsewhere in this report would, if approved in November, have both an immediate effect upon job creation and a positive long-term effect on the State's general economic well-being.

EMPLOYMENT AND TRAINING

Critical to the improvement of the State's economic base is a workforce equipped with necessary job skills. The State has therefore given special emphasis to job training and placement programs.

One such program, the Emergency Employment Intervention Program (EEIP), was directed toward counties experiencing severe unemployment early in 1983. This training program exemplifies State efforts to redirect the skills of the State's workers to emerging job openings. EEIP merges a $5.0 million State funding commitment with a supplement of $1.8 million provided through the Federal Job Training Partnership Act (JTPA) Dislocated Worker Program. To encourage employers to create job opportunities for the unemployed, a $2.0 million Federal supplement under the State's Occupational Retraining and Reemployment Act will fund training programs that meet the specific needs of employers who locate or expand operations in New York. During the next six months, the State will distribute additional 1984 JTPA Dislocated Worker funds for training the unemployed through such mechanisms as on-the-job training and apprenticeships.

The State, with the guidance of the State Job Training Partnership

Council, has achieved an orderly transition from direct Federal funding of localities through CETA to the JTPA structure, under which all training and employment funds flow through the State. The State's designation of local service delivery areas and certification of Private Industry Councils (PICs) permitted local planning to begin. With local training plans in place and planning for the program funds underway, the State is ready to proceed with job training and placement for the disadvantaged and unemployed. Despite the uncertainty created by delays in enacting the Federal budget and the almost certain reduction in Federal funds that will result, the State's training programs were operational as Federal fiscal year 1983-84 commenced on October 1.

Recognizing that the State still faces severe, though declining, unemployment, the Governor proposed and signed into law an increase in the maximum levels of unemployment and workers' compensation benefits. Workers covered by unemployment insurance can now collect up to $170 weekly to meet their living costs while they search and retrain for new employment. Workers' compensation benefits for total disability and death were increased to $255 a week. At the same time, claimant eligibility requirements affecting employer contributions have been strengthened, thus reducing the burden on the business community.

THE ENVIRONMENT

Protecting and improving New York's natural resources and environment is integrally linked to the State's economic health. In response to the dangers posed by the use and disposal of hazardous materials, the State has enacted a comprehensive program that both establishes strong regulatory controls and a chargeback system to recover the costs of regulation, and requires those responsible for creating such hazards to pay the clean-up costs.

New regulatory controls will require strict monitoring of the generation, transportation and disposal of hazardous waste, and permit fee assessments have been increased substantially to cover the costs of such regulation. Severe financial sanctions for violations of State standards have also been authorized. The State's new hazardous waste control program is taking effect just as reductions in Federal clean air and water funding threaten to eliminate virtually all aid for this nationwide problem. The State "Superfund" income from industry assessments and penalties is also now being used to clean up existing sites, although the revenues of this fund are substantially below anticipated levels.

Another emerging priority in the environmental field is maintenance of the availability and quality of the State's ground and surface water. A number of issues arising from water resource problems are under consideration, including mechanisms to finance public water supplies and to improve the performance of municipal wastewater treatment plants. Legislation was enacted in July 1983 to protect the groundwaters on Long

Island by restricting landfill use and requiring improved notification to water companies on violations and hazards to public water supplies.

HOUSING

The State continues to concentrate its limited funds on high-priority housing activities. The thrust of State housing initiatives is directed to the rehabilitation of existing structures, with emphasis on low- and middle-income housing and, as noted above, on the homeless. Major State objectives in 1983-84 include improving the State's capacity to plan housing renewal, preserving and stabilizing State-aided housing, and continuing bonding programs that make mortgage funds available for single- and multi-family housing. During 1983, the State has also established programs to develop housing in areas of greatest need.

The State's housing and community development programs are carried out primarily by the Division of Housing and Community Renewal (DHCR), the agency which has major responsibility for formulating State housing policy; the Housing Finance Agency (HFA) and the State of New York Mortgage Agency (SONYMA), which sell bonds to help finance housing; and the Mortgage Loan Enforcement and Administration Corporation (MLC), which administers the housing portfolio of the Urban Development Corporation (UDC).

During the current year construction will be completed on most of the approximately 1,000 units of low-income housing to be subsidized under DHCR's $10 million Rural Rental Assistance Program. Rural areas will also be helped by the new $750,000 Rural Initiatives Program, under which DHCR will provide funds to nonprofit groups to revitalize rural communities.

DHCR's comprehensive assessment of statewide housing needs, designed to enable the Department to utilize its resources most effectively, will be completed within the current year. This assessment will identify demographic trends, housing conditions, and housing needs in the State. On completion, it will enable the State to concentrate its programs and limited financing on those efforts that address areas of greatest need and have the most economic potential.

The Division is reviewing applications from public housing authorities for a share of the $9.0 million appropriated to modernize the State's low-income public housing stock. Federal Home Energy Assistance funds are also being used to cut energy costs in both low-income and Mitchell-Lama housing.

Additional housing programs protect the State's investment in HFA-financed projects. HFA, for example, will receive $44 million to repair construction defects, and to undertake health and safety measures and energy improvements in projects it has financed. Such investments will reduce the State's exposure to financial liability resulting from a failure to take appropriate and timely remedial action, and should be recovered in the long run by avoiding higher energy costs and improving the financial performance of the State agencies' housing portfolio.

To help boost the middle income housing market, SONYMA will issue about $375 million in bonds in the current year to establish below-market rate mortgages. With these funds, approximately 6,000 first-time homebuyers will receive mortgages at rates below 10 percent. Although this bonding program is threatened by the possible termination of the Federal tax exemption for such bonds, the Agency's efforts in the mortgage insurance program are continuing. SONYMA is also helping deteriorating neighborhoods to secure the financing needed for renewal programs.

HFA continues to provide below-market-rate financing for low- and middle-income housing subsidized and insured by the Federal government. HFA provides permanent financing for 48 projects subsidized under the Federal "Section 8" Program, and has extended construction loans to 8 such projects. These efforts have the additional benefit of attracting large private-sector financial participation and aiding the State's construction industry. Under the new Loans to Lenders Program, HFA will provide banks with funds to make low-interest, multifamily mortgages. The Agency has approximately $450 million in remaining bond authorization that could be used for this purpose.

The Mortgage Loan Enforcement and Administration Corporation continues to work to improve the financial condition of projects constituted and financed by UDC and to reduce the need for State or UDC financial assistance. To date, MLC has generated $24.2 million in investments by housing company owners, which have leveraged an additional $20.7 million in State, Federal and other funds. These funds are applied to project repairs and larger improvements, debt service and operating expenses. MLC also cooperates with DHCR to reduce project operating costs through such measures as energy improvements.

PUBLIC SAFETY

After four years of rapid growth, reported violent crime in New York State declined by more than 7 percent in 1982. There were 14,000 fewer reports of murder, rape, robbery and aggravated assault than in 1981. Early indications for 1983 show this downward trend is continuing nationwide, but experts differ as to why. The State must, however, continue its effort to identify, apprehend, prosecute and punish those who violate the law.

While State and local efforts to control serious crime are showing positive results, the 1982 level of violent crime was more than 16 percent higher than in 1976. Moreover, while the reported incidence of violent crime is down, felony arrests increased by 4.6 percent. And, during 1982, the number of felony cases disposed of by the courts was less than one-third of the arrest level. Concentration on criminal activity must continue, therefore, to claim a significant share of State resources

and, despite very difficult fiscal circumstances, the State has increased funding for police, prosecution and corrections programs.

Beyond expanded resources, the Governor has also committed his Administration to a more coordinated, efficient and effective criminal justice process. The appointment of a Director of Criminal Justice fixes responsibility, for the first time, on one person for the task of making the diverse elements of the criminal justice system work toward common goals in a cooperative way. Already underway is a Criminal Justice Information Systems Improvement Project aimed at ensuring the swift apprehension of criminals, the efficient and just administration of individual criminal justice functions, and the availability of current and valid information to support policy and program development.

While enhancing the resources targeted to crime control and improving the productivity of the criminal justice system, the Governor has not forgotten the victims of crime. Legislation adopted with the 1983-84 *Executive Budget* provides a new revenue source to finance a broad-based expansion of services and benefits to victims. These include expanded local victim/witness programs, aid for victims of domestic violence, reimbursement for certain property losses resulting from crime, and an improved opportunity for victims to recover damages from the perpetrators.

LAW ENFORCEMENT

In 1983 the State has significantly improved and expanded its efforts to identify, apprehend and prosecute those responsible for serious crime. Police protection received priority attention in the 1983-84 *Executive Budget*, and during 1983-84 the State Police will conduct three recruit training classes. This effort, the most substantial training program in 20 years, is helping the State Police to overcome the effects of attrition and to assign greater numbers of personnel to the investigation of serious crimes. The number of State Police investigators working on organized crime has recently been doubled. In addition, expanded and more effective laboratory services — a critical factor in the development of trial-worthy criminal cases — is providing better backup. Finally, increased State assistance to local police agencies through the Major Offense Police Program, provides police resources dedicated to the apprehension of repeat offenders who commit new serious offenses.

To focus prosecution resources on the serious crime problem more effectively, the Target Crime Initiative Program (TCI) was adopted with the 1983-84 *Executive Budget*. TCI, developed through the consolidation of several related programs, has provided added resources and has expanded into three new counties. In 1983-84, TCI will concentrate nearly $41 million in State funds on the adjudication of the cases of repeat and violent offenders. This program, when combined with the strict treatment of repeat offenders in State sentencing statutes, ensures the incarceration of those persons who pose the greatest threat to the public.

PRISON EXPANSION

More effective police and prosecutorial work, in concert with more restrictive statutory sanctions, has increased demands on all available sentencing options. Most dramatic, increases in sentences to State correctional facilities, which averaged 9,427 annually during the five-year period 1976 to 1980, jumped to over 12,000 for 1981 and 1982 and have reached an annual rate of nearly 16,000 during the first six months of 1983. This increase reflects improvements in court procedures which have significantly reduced the number of felony cases pending disposition, while increasing the number of new felony indictments. Thus, while reported violent crime is down, the disposition of felony cases by the courts is up significantly, resulting in a substantial rise in the number of prison sentences.

An increasing volume of court commitments, in the face of parole releases reflecting fewer pre-1981 admissions, has resulted in a significant rise in the total prison population over the last three years. Since March 1981, the inmate population has increased by more than one-third, rising from 22,600 to more than 30,500 at the present time.

The State's response to these pressures is multifaceted. First, the capacity of correctional facilities is being expanded as expeditiously as possible. The multi-year construction program announced earlier this year and now underway supplements new construction with the adaptation of facilities originally developed for other purposes. This will ultimately provide additional capacity for nearly 8,500 inmates.

A major element of the construction program is conversion of excess capacity on the grounds of Mental Hygiene institutions to use by the Department of Correctional Services (DOCS). This conversion will provide space for an additional 900 inmates during 1983-84, and for 1,400 more over the next two fiscal years. As a part of the effort, the Offices of Mental Health (OMH) and Mental Retardation and Developmental Disabilities (OMRDD) will consolidate their respective operations at the affected sites and at nearby locations, providing adequate and appropriate space for patients through building renovation and new construction. This approach is substantially less costly than building new prisons and has the added benefit of increasing efficiency in OMH and OMRDD operations.

In addition, expanding existing correctional facilities will increase their capacity by 2,711. During 1983-84, the Watertown and Ogdensburg correctional facilities will each add 300 spaces, while 111 additional spaces will be created by expanding the Bedford Hills and Elmira correctional facilities. Construction of 500-bed annexes on the grounds of Attica, Albion, Coxsackie and Great Meadow will produce another 2,000 spaces during 1984-85.

New construction at sites recently acquired, or whose acquisition is being negotiated, will provide 2,450 more spaces over the next three years. Erie County Penitentiary will be acquired at a cost of $48 million and will ultimately provide maximum security capacity of 700 spaces, 200 of which will be available this year. Acquisition of property at Altona, Lyon Mountain and Pineview will provide capacity of 750 beds in 1983-84 and the following year. Finally, plans are being developed for construction of a 1,000-bed maximum security facility in the Bronx. These projects supplement the construction now underway at Wallkill and Woodbourne correctional facilities to provide a new 512-bed maximum security facility at each site.

The majority of the facilities included in the multi-year construction program will be financed through the Urban Development Corporation (UDC) under legislation enacted earlier this year, which authorized acquisition and/or construction of prison capacity at several sites (Altona, Coxsackie, Watertown, Ogdensburg, Pineview, Erie County, Lyon Mountain, Albion, Attica and Great Meadow) as well as UDC bond financing to a maximum of $380 million.

ALTERNATIVES TO INCARCERATION

In addition to expanding its prison capacity, the State is coping in other ways with the pressure generated by more effective police, prosecutorial and judicial activity. Under the auspices of the Governor's Task Force on Alternatives to Incarceration, cost-effective, community-based programs have been newly designed and initiated both to provide appropriate sanctions for nonviolent offenders and to ensure the safety of the community.

Among innovative alternatives are the Alternative Sentencing Program, under which convicted felons who might otherwise be sentenced to prison are placed in special probation programs; and the Parole Transition Facility Program which provides community residential treatment to technical parole violators who would, without this option, be reincarcerated.

In order to facilitate successful reentry of offenders into the community and to provide specialized programming, Community Contract Facilities have been developed. These programs, to be monitored by the Division of Substance Abuse Services, will provide residential therapy to inmates with a history of drug and/or alcohol abuse who are nearing release.

Funds have also been provided for private, not-for-profit organizations to implement alternative sentencing programs for otherwise jail-bound nonviolent offenders. These alternatives generally entail community service work as a condition of sentence, supplemented by education and/or vocational training, job counseling and job development opportunities.

SENTENCING REFORM

The creation of the State Committee on Sentencing Guidelines in 1983 represents a major effort by the three branches of State government to reform New York State's sentencing laws. The 14-member Committee, which will be supported by a staff and funded with $1.0 million over two years, is due to report its recommended sentencing guidelines for legislative consideration in January 1985.

EDUCATION

ELEMENTARY AND SECONDARY EDUCATION

Financial assistance for New York's 703 major school districts constitutes the State's largest single spending program. During the 1983-84 school year, the State will provide $4.8 billion to help operate classes for approximately 2.63 million public school pupils. This amount represents an increase of $220 million above the amount of aid distributed during the 1982-83 school year.

Allocation of school operating aid funds is based on a two-tiered formula that reflects the relative wealth of each district. Aid is distributed in inverse proportion to a district's wealth, as measured by property value per pupil (known as Tier I in the school aid formula) and by personal income per pupil (Tier II). Based on 1983 amendments to State law, school districts will receive State assistance for approved expenditures of $1,700 per pupil on Tier I and $2,340 per pupil on Tier II.

Other school aid provisions enacted in 1983 include:

—A new, permanent State aid payment schedule based upon district need, which will provide more aid earlier in the school year to those districts which rely on it the most (the schedule annually guarantees every district at least 65 percent of its State and local revenues by March 31);
—A textbook aid increase of $5 per pupil, which will provide each district with $20 per public and nonpublic school pupil;
—A new, magnet school aid program;
—An increase in the aid salary ceiling from $17,000 to $19,000 for aid to Boards of Cooperative Educational Services (BOCES);
—Increased special services aid for the Big Five city school districts (which are ineligible to join BOCES); and
—The provision of $57.2 million in *Hurd* grants to small city school districts adversely affected by constitutional real property tax limits.

The Legislature also gave first passage to a constitutional amendment to remove the real property tax limits imposed on city school districts.

In addition to the programs noted above, the State also provides its school districts with:

—Reimbursement of 90 percent of approved transportation costs;

—Special assistance for pupils with handicapping conditions, including those pupils 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;
—Support for school lunch and breakfast programs;
—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; and
—Aid for gifted and talented pupils.

These aid programs are all administered by the State Education Department.

HIGHER EDUCATION

New York State's investment in higher education—a significant $2.2 billion entry in the State Financial Plan—has historically been among the greatest of any state. The State supports the nation's largest university system, the State University of New York (SUNY), and has assumed full support of the senior college programs of the City University of New York (CUNY), the nation's third largest university system. In addition to supporting these universities, New York State also finances the nation's largest tuition assistance program (TAP); provides scholarships for students attending both public and independent institutions which, when combined with TAP grants, amount to approximately one-third of all such outlays by the 50 states; and, through its Bundy aid grants, provides direct assistance to independent higher education institutions roughly equal in amount to the investment of all other states combined. Overall, New York State ranks above the national mean in public support per student in both the public and independent sectors.

The State University receives the largest portion of higher education program funding, with its $1.3 billion representing more than 60 percent of the total State funds available for higher education in 1983-84. Following rapid growth during the 1960's and 1970's, SUNY campuses and programs must contend with increasing fiscal pressures during the 1980's. Rising costs of specialized educational supplies, energy and negotiated salaries, coupled with the increasing cost of maintaining an extensive physical plant that is beginning to age, must be financed within an overall fiscal policy designed to reduce the State's relative tax burden while maintaining essential services for dependent populations. To manage the University within available resources, innovative management and long-range program planning will be required to increase productivity and focus program objectives more carefully.

Within the resources provided, SUNY continues to increase productivity in its academic programs. Enrollment levels during the current year and the past two years have moderately exceeded those budgeted, and continue to remain relatively stable despite downward demographic projections. Decreases in discretionary State resources, however, necessitated the development of additional nontax levy funding sources by the University and enhancement of its existing revenue supports. Consequently, the University's Trustees increased full-time resident undergraduate tuition by $300 for academic year 1983-84 and have increased tuition for graduate, professional and nonresident students as well. The Trustees also raised dormitory room rental rates by $150 for 1983-84, the fourth consecutive year that such an increase was adopted. The additional revenues thus generated are being used primarily to offset price inflation and to preserve the progress toward self-sufficiency begun in 1980. Other funding changes are supported by lower debt service and by transferring budgeted energy savings to personal service. Moreover, selective improvements in the University's operating flexibility will assist it to achieve greater administrative efficiency to compensate for these reductions.

Despite the significant fiscal constraints of recent years, which have affected higher education as they have all other State services, the State University continues to play a vital role in the economic future of New York State. The University, for example, is expanding its efforts to support State economic development through the establishment of a new engineering school at Binghamton, and through participation in high technology development efforts at Stony Brook, Buffalo and Cornell.

The recent history of City University had been marked by fiscal and programmatic contraction caused by the financial problems of New York City. The fiscal situation was redressed by the gradual State assumption of financial responsibility for the program, and the net operating costs of the City University senior colleges are now fully funded by State appropriation. Its total appropriation of $565 million represents a significant percentage of total State funding for higher education. City University enrollments have stabilized, after a period of decline from 1976-77 through 1981-82, and have begun to increase at certain campuses.

Despite the enrollment contraction and the financial problems, the City University's academic programs have maintained their quality. Recent national surveys have rated a number of its graduate programs among the foremost in the country. The physical environment of the University has been greatly improved, with new State funds used for preserving and improving existing structures, and opening important new academic buildings.

Maintaining quality levels in the face of rising costs and limited State funding continues, however, to be difficult. As a result, the University has increased its own share in the overall funding of its major programs, and for the second consecutive year has enacted a tuition

increase of $150 for its resident undergraduates and corresponding increases for other classes of students. In addition, greater administrative flexibility will continue to help the University achieve greater operating efficiency.

The City University's budget continues to support selective improvement in both infrastructure and academic programs. New or continued appropriations fund the replacement of academic equipment and overall equipment inventory, and the staffing of new University buildings. The new law school enrolled its first class this fall.

The State's 37 community colleges have continued to increase their enrollments and to strengthen their position as a primary source of trained personnel for the State's services and industries. Special legislation has authorized an increase of $7.8 million in State aid for the colleges, with the increase including an adjustment in the value and method of computing basic aid and $1.1 million to inaugurate a new training program for persons now unemployed because of structural changes in the economy. The colleges were also granted the power, under prescribed conditions, to increase their tuitions over the previous statutory maximum.

Under the State Student Incentive Grant (SSIG) program, New York receives Federal funds which are used as a direct offset to the expenses of the State's Tuition Assistance Program. Following recent Federal reductions, the State will receive approximately $5.1 million in SSIG funding in 1983-84—an amount $1.3 million below that projected in the 1983-84 State budget. This shortfall represents a relatively minor portion of the $333.9 million total appropriation for TAP, and should be accommodated without a deficiency appropriation.

The Federal Guaranteed Student Loan (GSL) program has experienced a recent surge in student default claims. During the first four months of State fiscal year 1983-84, the Higher Education Services Corporation has received over 30 percent more default claims than during the corresponding period last year. The rise in defaults is, however, directly attributable to the record levels of GSL activity in preceding years. Moreover, since the expenses of the GSL program are funded entirely through non-State sources of revenue, the increase in GSL loan defaults will have no impact on the State's financial plan.

STATE FINANCIAL PLAN
1983-84
(millions of dollars)

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	(Memo) Total
Opening Fund Balance	....	229	89	150	468
RECEIPTS					
Taxes	17,957	545	.....	26	18,528
Miscellaneous Receipts	887	170	197	1,028	2,282
Federal Grants	45	7,017	475	25	7,562
Bond Funds	.....	.....	177	.....	177
Subtotal	18,889	7,732	849	1,079	28,549
Transfers from Other Funds	277	1,380	527	1,212	3,396
Impoundment—Deficit TRANS	−500	.....	.....	.....	−500
Total Receipts	18,666	9,112	1,376	2,291	31,445
DISBURSEMENTS					
Grants to Local Governments	11,150	5,940	1	.....	17,091
State Operations	4,736	2,306	4	.....	7,046
General State Charges	1,400	85	.....	.....	1,485
Debt Service	236	.....	.....	903	1,139
Capital Projects	.....	12	1,415	.....	1,427
Subtotal	17,522	8,343	1,420	903	28,188
Transfers to Other Funds	1,093	794	26	1,396	3,309
Total Disbursements	18,615	9,137	1,446	2,299	31,497
Increases (−Decreases) in Fund Balances	51	−25	−70	−8	−52
Closing Fund Balance	51	204	19	142	416

GENERAL FUND CURRENT RECEIPTS
(millions of dollars)

	1983-84 Estimates		Change from April
	April	October	
Personal Income Tax	9,528	9,409	−119
Sales and Use Tax	3,600	3,675	+75
Other User Taxes and Fees	1,574	1,559	−15
Motor Fuel Tax	413	400	−13
Cigarette Tax	449	448	−1
Motor Vehicle Fees	424	423	−1
Alcoholic Beverage Tax	171	170	−1
Highway Use Tax	55	56	+1
ABC License Fees	62	62	−
Business Taxes	2,783	2,849	+66
Corporation Franchise Tax	1,240	1,230	−10
Corporation and Utilities Taxes	930	919	−11
Bank Tax	195	168	−27
Insurance Tax	218	217	−1
Unincorporated Business Tax	−	(1)	−1
Gross Receipts Tax	200	316	+116
Other Revenues	451	465	+14
Estate and Gift Taxes	200	215	+15
Pari-mutuel Tax	117	114	−3
Real Estate Transfer	53	50	−3
Realty Gains Tax	80	85	+5
Other Taxes	1	1	.....
Total Taxes	17,936	17,957	+21
Miscellaneous Receipts and Federal Grants	891	932	+41
Total Current Receipts	18,827	18,889	+62

NEW YORK STATE ECONOMIC INDICATORS
QUARTERLY VALUES

(seasonally adjusted at average annual rates)

Indicator	1982:3	1982:4	1983:1	1983:2	1983:3	1983:4	1984:1
Personal Income (billions of $)	219.1	222.5	224.8	227.2	230.8	235.2	240.5
Percent change	7.1	6.4	4.2	4.5	6.4	7.8	9.3
Nonag. Employment (000s)	7,238	7,226	7,230	7,216	7,230	7,258	7,292
Percent change	−0.9	−0.7	0.2	−0.8	0.8	1.6	1.9
Private Sector Employment (000s)	5,949	5,935	5,947	5,942	5,963	5,995	6,030
Percent change	−1.2	−0.9	0.8	−0.4	1.4	2.1	2.4

SOURCE: U.S. Department of Commerce, New York State Labor Department: Forecasts and certain adjustments to published historical information made by the Division of the Budget.

STATE GENERAL OBLIGATION DEBT
As of March 31, 1983

(millions of dollars)

Purpose	Total Authorized	Authorized but Unissued	Amount of Debt Outstanding: Bonds	Notes	Total
Grade Crossing Elimination	240.0	...	6.4	...	6.4
Highway Construction	500.0	...	87.8	...	87.8
Transportation Capital Facilities:					
Highways	1,250.0	..	556.0		556.0
Mass Transportation	1,000.0	19.0	753.2	10.5	763.7
Aviation	250.0	85.5	125.1	3.0	128.1
Pure Waters	1,000.0	261.7	549.4	.4	549.8
Low-Income Housing	960.0	7.9	503.9	.	503.9
Middle-Income Housing	150.0	.5	124.9	...	124.9
Urban Renewal	25.0	3.1	6.8	3.5	10.3
Mental Health Facilities	350.0	...	29.4	.	29.4
Higher Education Facilities	250.0	...	126.7	...	126.7
Park & Recreation Land Acquisition	100.0	1.4	11.7	..	11.7
Outdoor Recreation Development	200.0	2.7	110.6	.2	110.8
Environmental Quality:					
Water	650.0	423.1	192.0	...	192.0
Air	150.0	96.6	41.1	1.9	43.0
Land	350.0	243.0	82.7	1.0	83.7
Rail Preservation	250.0	50.1	177.7	...	177.7
Energy Conservation Through Improved Transportation:					
Local Streets and Highways	100.0	13.0	80.8	...	80.8
Rapid Transit and Rail Freight	400.0	180.3	212.5	6.5	219.0
	8,175.0	1,387.9	3,778.7	27.0	3,805.7
Tax and Revenue Anticipation Notes					500.0
Total General Obligation Debt					4,305.7