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Regular Session—Convened January 3—Adjourned March 31

STATE OF NEW YORK—EXECUTIVE CHAMBER

ALBANY, January 3, 1962

To the Members of the Legislature of the State of New York:

We meet again—opening this 185th Session of the Legislature of the State of New York—to lead and to build for the future of the people of New York.

We have something to build upon: three years of solid accomplishment and sustained progress, rarely matched in our State's history.

This fact can be a source of pride to all who have contributed to it.

But it should also be something more. It should be a challenge to us to match and even to surpass all achievement to this hour.

For all of us in this government have a basic mandate from the people. It commands us to prove in our every word and act the decision that free men know how to govern themselves with wisdom, courage and vision.

These are the basic ingredients of leadership.

And it is the historic role of this State to do just that—to lead.

Change is the dominant characteristic of our time—and change brings uncertainty and fear. But the record of the three years past and the hopeful prospects before us lend confidence that we can meet the problems of change by continuing to act not with fear but with faith in the future of our State and our Nation.

The Record

During these past three years, the policies and joint efforts of my Administration and your Honorable Bodies have been instrumental in achieving the following gains for the people of New York State:

- More than 450,000 new jobs;
- 1,680 important new or expanded plants;
- Over \$5 billion more personal income with payrolls at record highs;

- Achievement of balanced budgets through restoration of fiscal integrity, strict economy and efficient management in government;
- Reduced State debt and increased financial reserves;
- Unemployment rates brought significantly below the national average;
- Higher benefits and extended coverage for unemployed and injured workers;
- The first State-wide minimum wage;
- The last major gap in New York's pioneering laws against discrimination bridged by including private housing and commercial space;
- A seven-fold increase in construction of State-financed middle-income housing since 1958;
- A 75 per cent increase in housing for the aged during the same period;
- Adoption of the Nation's most comprehensive program of medical aid for the needy aged;
- Major strides in rehabilitation and research in heart, disease, cancer and mental health.
- An increase of \$626 million—more than 50 per cent—in total State aid to public schools during the first three years of this Administration over the last three years of the prior Administration;
- Financial assistance for 122,000 college students;
- A tripling of the number of Regents scholarships to a total of 17,000;
- A doubling of appropriations for State University construction;
- Pioneer programs to increase employment of young people and to combat and prevent juvenile delinquency;
- The best highway safety record in our history;
- The highest rate of State highway construction in our history—and all on a pay-as-you-go basis;
- Acceleration of \$192 million of needed public works projects in labor surplus areas;
- The first comprehensive attack on the State's mass transportation problems;
- Financial aid to commuter railroads serving suburban areas;
- Leadership among the States in the peaceful use of the atom—and in protection against the dangers of nuclear attack;
- Important expansion of agricultural research in plant and animal disease control;
- The first reorganization of our Courts in 115 years;
- The first reorganization of the Executive Branch since Governor Alfred E. Smith;

- Creation of the Office for Local Government and comprehensive legislation to facilitate joint action by local governments in meeting emerging regional problems;
- A \$75 million State program for acquiring recreational areas and municipal park lands for the future; and
- The establishment of the State Council on the Arts, the first such State-sponsored cultural program in the Nation.

Such a record spurs genuine pride in our joint accomplishments. More importantly, however, let it spur us to quicken our pace and lengthen our stride in meeting the great matters before us.

We must expand the broad range of opportunities which so importantly affect the happiness and security of the people of this great State. Job opportunities for all must continue to be our basic goal. We cannot rest until all those who seek the dignity of work can have the satisfaction and security of finding it.

The Challenges and the Opportunities

As we attack the specifics of the work before us, there are basic principles to guide us.

First: It is the proper and historic role of the State, in our Federal system, to be a leader and an innovator. The role of the State is not negative—as a simple counterweight to Federal power. It is positive—to provide leadership inventive and imaginative enough to stir others to follow. In short: the preservation of States' rights critically depends upon the fulfillment of States' responsibilities.

Second: To fill this role, a State government must have a working partnership of the Legislative and Executive Branches. Only a true partnership of these branches of government, each strong in its separate and distinct responsibility, can produce the leadership and results that the people of this State expect and demand. In these three years, we have had this spirit of partnership. To its continuance I pledge myself.

Third: As we meet all issues confronting us in the next months, there should be one ruling and decisive criterion: the common weal of the people of this State.

We should not be misled by labels—for example, whether a given piece of legislation carries, for some people, the label of "liberal" or "conservative." Our only concern must be: does it truly serve the general welfare?

Similarly, vital economic decisions must not be made in the false terms of choosing between so-called "pro-labor" or "pro-business" programs. The implied conflict is grossly misleading.

All progress—for all sections of our State community—depends upon the inter-related factors of economic growth. Labor depends upon the jobs that only a prospering business can provide. Business depends upon a responsible and prospering labor force. Both depend on the productive genius of agriculture. And all the social services of the government depend, for their financing, upon revenues attain-

able only through general economic progress and growth. This is the dynamic circle of progress for our free society. It must not be broken by false issues or imaginary conflicts. It must be forged by leadership that looks to the general good of all the people.

In this spirit, let us now look at the specific matters before us. The task, then, is to continue and further to accelerate this growth rate and at the same time assist the individual worker and the individual business caught up in the problems of change. We must cushion the shock of transition while encouraging, rather than restricting, the increased efficiency and economic growth that alone will support a rising standard of living and keep America competitive in the world. Only in this way can we remain strong and move toward a full-employment economy.

By seeing this problem in its broadest perspective, in anticipating and guiding change, we can find the true answers to the problems of our free society as a whole.

With expanding and improving job opportunities for a growing population, we can assure opportunity not only for oncoming generations of workers but also for those who are displaced by automation or changing economic and social patterns.

In this area, State government must play a vital role as a catalyst in the development of the solutions.

I said at the outset of my Administration that no objective was more important than improvement of the economic climate in order to help encourage the expansion of business, industry and agriculture to produce more and better job opportunities for the people of this State. New York State has made major progress in this field.

I. NEW YORK—A GOOD PLACE TO WORK

A. New Jobs from Economic Growth

With the support of a courageous majority of your Honorable Bodies in 1959, we moved first to cut out unnecessary expenditures and increase lagging revenues in order to restore the State's fiscal integrity, achieve tax stability, and thus re-establish confidence in State government itself.

As part of this program, we have enacted and approved more than 60 items of legislation to remove obstacles and give greater encouragement to the growth of our economy—from tax relief for small business to helping preserve railroad service, from port development to increasing tourism, from better roads to encouraging atomic research.

We have with the approval of the people last November established a Job Development Authority to promote increased job opportunities by helping industrial development expansion, especially in those areas which lag behind the rest of the State in economic growth.

We have fostered at all levels of government in the State an attitude of cooperation and helpfulness in solution of the problems that discourage development of business, industry and agriculture.

As a result:

—More New Yorkers are at work than ever before. As we entered the last quarter of 1961, total employment was higher by 457,000 jobs than at the same time in 1958.

—The steady acceleration in the growth of New York industry is illustrated by the following figures on new and expanded major plants:

1958—292
1959—438
1960—531
1961—711 (11 months)

Thus, in the past three years, a total of 1,680 new industrial plants or major plant expansions have been or are now being added to New York's industrial complex. Business and industry have already invested more than \$6 billion in these new and expanded plants since I took office on January 1, 1959.

—Our agricultural economy has hit an all-time high in efficiency with its output approaching the billion-dollar level.

—Tourism in New York State has grown to a \$2.6 billion enterprise—a 30 per cent increase in the past three years.

—Seventy-one new research and development laboratories have been built in the State in the same three-year period—bringing the total in our State to 1,078. These laboratories—the well-spring of our future progress—number more than twice the combined total of all the laboratories in California and Massachusetts, the next-ranking states.

As a result of this concentration of our efforts, New York's index of business activity during the past three years has hit one new high after another. Per capita income in the State has risen by nine per cent.

Despite these highly favorable factors, we cannot forget that we have recently emerged from a period of national recession with its residue of unemployment. I am deeply concerned about one additional legacy of that recession which now faces us. This relates to the unemployment insurance fund.

Unemployment insurance has proved of value not only in safeguarding men and women when out of work through no fault of their own, but also as a stabilizing influence upon our general economy during a business recession.

Adequate dollar reserves must be maintained in the unemployment fund to insure protection of legitimate claimants. We can be justly proud that New York has been a leader among States in always maintaining its fund on a sound financial basis.

The recent recession put a heavy burden on the fund. From data submitted to me within the past few days, it now appears that the net drain on the fund, estimated earlier at \$150 million, will be

closer to \$185 million, primarily due to the so-called "negative balance" businesses.

To maintain the fund at adequate levels, therefore, it now appears that the subsidiary tax in 1962 will rise by four-tenths of a percentage point to one per cent of taxable payrolls and it appears unlikely that much reduction in this rate can be expected in 1963.

I am deeply concerned about the ramifications of this prospect, and accordingly, I am requesting a thorough review of the financing provisions of the present unemployment insurance law with the idea of making appropriate recommendations to your Honorable Bodies. Because this is a highly complex matter affecting many segments of our society, I do not expect it will be possible to have such recommendations ready until the next Session.

B. Continued Expansion of Job Opportunities

The favorable overall situation, however, makes it possible for the State to devote increasing attention and resources to the achievement of full employment.

1. Job Development Authority.

New York's voters approved constitutional amendment number four at the polls last November and thus set in motion the financing of the New York Job Development Authority.

This Authority, with a borrowing capacity of \$100 million, will assist local nonprofit development groups in labor surplus areas to provide new job opportunities by lending a portion of the cost of building and rehabilitating manufacturing plants to businesses which locate in those areas. It is possible that, with 70 per cent matching funds from other sources, this Authority may be able to assist in providing some 70,000 new industrial jobs and 120,000 related service jobs in the State.

Legislation creating the Authority became effective January 1 and the membership of the Authority will be announced in the next few days.

2. Expansion of Vocational Training and Retraining.

To meet the problem of unemployment resulting from improvements in technology and from loss of business due to gradual obsolescence, our major concern must be with training and retraining to develop new skills for which there are demands.

a. *Expansion of Training Facilities and Survey of Opportunities*
—In this connection, last month I directed:

1. That the Labor Department with the assistance of the Education Department and the State University conduct a broad survey of 20,000 employers to determine specific needs for manpower throughout the State and the impact of technological improvements upon the pattern of job opportunities and training needs for the State's work force. This will provide a base for developing future plans to meet the demands of new technological developments.

2. That the Education, Labor and Social Welfare Departments develop a plan to pool their resources to train and retrain workers who lack job skills or whose skills have become outmoded. In the first instance, this program will be directed to those in the most serious financial condition—unemployed fathers of families receiving temporary aid to dependent children and employable recipients of home relief—to help prepare them for new jobs.

b. *Vocational Training for Recipients of Unemployment Insurance*—In 1960, your Honorable Bodies, acting on my recommendation, enacted legislation to permit unemployed workers, whose employment opportunities had been severely curtailed, to pursue an approved course of vocational training without jeopardizing their unemployment insurance benefits. Experience under this law has indicated that more persons can properly benefit from its provisions. In order to assure greater use of vocational training opportunities, I will recommend legislation to broaden the conditions under which an unemployment insurance claimant may continue to receive benefits while participating in such a program.

c. *Second Governor's Conference on Automation*—Two years ago, I called the first Governor's Conference on Automation. This meeting at Cooperstown, New York, brought together some of our most able and experienced leaders of labor, industry, education and government to examine the prospects and problems resulting from technological change.

Thus New York State took the leadership in facing realistically the problems of technological change. Now I am appointing a working committee of such leaders to prepare for the second Governor's Conference on Automation to be held soon in order that we may develop specific programs of coordinated action to meet more effectively our problems in this field.

3. New Job Horizons for Women.

The State is also making a planned, cooperative effort to fit the skills and talents of working women to the growing, changing needs of business and industry in New York State. This is being done through a "Job Horizons" project of the Woman's Council in the State Department of Commerce.

A pilot project is now underway in Rochester. A symposium of nationally-known educators and business leaders will be held in New York City next Spring. Other aspects of the program include training courses, adult education, summer study and on-the-job training, as well as better information and counselling for women seeking employment.

C. Employment Opportunities for Youth

The urgent need for identifying and developing talent and for increasing job opportunities for young people is of major economic and social importance. Significant State programs are now under way in this field but it is vital that we expand our efforts not only

to help combat juvenile delinquency but also to help our youth acquire the skills and disciplines essential for the best start possible in their working lives.

Accordingly, I shall at an early date announce a comprehensive new program combined with an extension of existing programs to prevent school drop-outs, to afford guidance, training, special industrial-technical education and equal opportunities in apprentice training, and to help in finding jobs for our young men and women.

D. Greater Protection for the Unskilled Worker

1. Minimum Wages.

In 1960, your Honorable Bodies at my request enacted the first State-wide minimum wage law in New York's history and extended minimum wage coverage to 700,000 New Yorkers who did not have this protection before. I have become increasingly concerned, however, that in certain areas the \$1.00 minimum established in 1960 no longer fulfills the objectives of the legislation. This problem requires our immediate attention.

I propose, therefore, an increase in the statutory minimum wage, first to \$1.15 per hour and then to \$1.25 per hour in accordance with the pattern established by Federal law enacted subsequent to New York's 1960 action.

2. Migrant Workers.

One of the most serious national human problems has been the treatment of migrant workers and their families.

New York has been a leader in legislation and programs to provide these migrant laborers with improved living and working conditions and better care and education for their children. I shall submit specific additional legislative proposals for your consideration at this Session.

E. Further Advances in Workmen's Compensation

In the past three years, workmen's compensation coverage has been successively extended by your actions, upon my recommendations, to 260,000 additional employees in small firms and to 130,000 employees in non-profit institutions. Maximum weekly benefits have been increased from \$45 to \$50. In the administration of the program, increased emphasis has been placed on the rehabilitation and re-employment of disabled workers.

All of these actions marked progress of great human significance. In order to resolve certain long-standing controversies in the field of workmen's compensation, I have recently appointed a ten-member committee, composed of representatives of labor, management and government. I have requested the committee to evaluate areas of disagreement, to seek areas of agreement, and to suggest methods of improvement. I expect this group to arrive at constructive and equitable recommendations to assure the fullest protection for the working men and women of our State as called for under the law.

To achieve the purposes of workmen's compensation, the benefits it provides must be attuned to current needs. The average weekly wage of production workers in this State has been continuously rising. In order to provide benefits more closely related to this increased level of income, I urge your Honorable Bodies to approve an increase in maximum weekly benefits from \$50 to \$55.

In 1959, the Legislature created an Uninsured Employers' Fund to guarantee the payment of compensation awards to injured workers whose employers had failed to secure compensation insurance and who were unable to pay such awards. The 1959 legislation stipulated that payments could not be made from the fund until certain conditions had been met. The conditions, however, have not yet been met and under these circumstances I do not believe we should defer any longer this significant protection to this group of disabled workers. Therefore, I will recommend legislation to activate this fund in the present year.

F. Transportation in New York

1. Comprehensive Attack on the State's Transportation Problems.

In the past three years, New York State has faced up to the critical problem of transportation with the creation of the State Office of Transportation and a series of major programs and significant actions by your Honorable Bodies to maintain water, truck, bus and rail transportation systems adequate for the people's needs and for the State's continued economic growth.

Unfortunately, there has been no corresponding action on the part of the Federal Government either to remove the war-time transportation tax or to establish the much-needed Department of Transportation.

Last August, the Governors of New Jersey and Connecticut joined me in launching a comprehensive approach to the transportation problems of the New York Metropolitan Area. There was immediate agreement that an action program was necessary to solve a number of existing critical problems and to develop recommendations for meeting the region's long-term needs. A Tri-State Transportation Committee has been formed with Federal and local participation and recommendations for both immediate and long-range action are anticipated.

Of particular significance to the economic development of both New York and New Jersey are the plans for the Port of New York Authority to acquire and operate the Hudson and Manhattan Railroad and for the Port Authority to develop a World Trade Center in New York City. Discussions are now underway between the States of New York and New Jersey, the City of New York and the Port of New York Authority which give promise of an early resolution of the problems which have been encountered since your enactment last year of enabling legislation.

A \$2 million long-range transportation study of the Niagara Frontier is being conducted under the direction of the State Department of Public Works with Federal and local participation. When

completed, it should provide the information necessary to develop a comprehensive transportation plan for the counties of the Niagara Frontier.

2. *A New Era of Highway Progress.*

Despite a decrease in Federal funds, a billion-dollar highway and road building program has been carried out over the past three years, the largest in the State's history, keeping pace with the growth of the State's economy and providing convenience for our citizens. There has been major new construction on:

- The Northway;
- The North-South Expressway (Interstate Route 81);
- The Long Island Expressway;
- The Southern Tier Expressway (Route 17);
- Arterial highways;

and a wide variety of other highways, parkways and grade-crossing elimination projects within the State.

My Budget Message will include specific recommendations for continuing the State's accelerated highway construction program.

G. Atomic Research and Development

Three years ago, at my request, you adopted legislation creating the Office of Atomic Development to assist in gaining for the State a position of leadership in the production and utilization of atomic energy for peaceful purposes. Additional legislation enlarging the powers and duties of the Office was adopted in 1960 and in 1961.

During this period, the State's share in the manufacture of atomic energy products within the United States increased by 26 per cent. In addition, three nuclear research centers have been established in the past year at Buffalo, Ithaca and Sterling Forest, providing the State with major research attractions for industrial nuclear development.

To accelerate this substantial rate of progress, and to bring to fruition major projects initiated by the Office of Atomic Development in the past three years, I now propose the creation of a New York State Atomic Research and Development Authority and shall in the near future submit specific recommended legislation.

H. Natural Resources

The management of our natural resources has been greatly strengthened over the past three years by the consolidation of responsibilities under competent professional leadership in the Conservation Department and by the first major reorganization of the Department's field services.

1. *A Far-Sighted Outdoor Recreation Program.*

Typical of the State's efforts to anticipate future problems and needs by taking action now is the \$75 million self-liquidating bond

issue which your Honorable Bodies passed and which was approved overwhelmingly by the people in 1960 to provide funds for acquisition of park and recreation lands. Other states are following the pattern set here in New York.

2. *Strengthened Water Resources Management.*

Basic water resource planning is vital to each citizen and to every segment of our economy. Water resource responsibilities, which were previously scattered, are now coordinated by an enlarged Water Resources Commission. This was one of the major steps taken during the past three years in the reorganization of the Executive Branch.

Another pioneering "first" in water resources management was the adoption of the Delaware River Basin interstate-federal compact by the governments of New York, Pennsylvania, New Jersey, Delaware and the United States. It sets a new pattern of interstate and state-federal collaboration for the better management of the water resources of a major river basin. We can take pride that New York played such an important role in this endeavor and that New York was the first State to approve the compact.

I. Agriculture

New York State in the past three years has stepped up its program to benefit both farmers and consumers of farm products.

1. *Agricultural Research.*

In my Executive Budget I will recommend further increases in financial support for agricultural research programs conducted by the State University College of Agriculture, with special attention to:

- (a) *Foundation Seed Potato Research*—to provide a source of high quality, disease-free seed and to improve the competitive position of New York State potatoes;
- (b) *Dairy Cattle Genetic Research*—to guide dairy farmers in breeding cows for increased yields of higher protein milk;
- (c) *Long Island Duck Research*—to provide basic information in genetics, nutrition, incubation and disease control necessary to produce top quality ducks; and
- (d) *Bird Damage Control*—to develop new control methods to reduce the damage to New York farm crops from starlings and blackbirds.

2. *Soil Conservation.*

The New York State Soil Conservation Committee helps the 47 soil conservation districts in the State to plan and carry out such highly beneficial practices as strip cropping, pasture improvement and forest plantations. My Executive Budget will recommend an increased appropriation to the State Soil Conservation Committee so that its activities can be expanded.

3. *Golden Nematode.*

The Department of Agriculture and Markets, cooperating with Federal and local governments, has been effectively working toward the eradication of the golden nematode disease in potatoes on Long Island. In 1960 and 1961, over 2,500 acres of potato land were treated through cooperative efforts. It is anticipated that with the continuation of this program the disease can be eliminated within five years.

4. *Milk Marketing Problems.*

The increased consumption of milk is an important objective of my Administration.

Last March I appointed a Committee on Milk Marketing, composed of distinguished economists and marketing experts, with Professor Glenn W. Hedlund of the State University College of Agriculture as Chairman, to study and recommend solutions to the most pressing problems currently facing the largest agricultural group in New York, the dairy farmers. I look forward to the Hedlund Committee's recommendations on adjustments in the Class I milk price formula and on unfair milk marketing practices.

The campaign in New York City for return of milk dating, with widespread discussion of the reported sale of sour milk, has greatly disturbed consumers and is having an adverse effect on the sale of milk. Therefore, I recommend that your Honorable Bodies remove the legislative bar to milk dating in New York City—for the present controversy benefits neither farmers nor consumers.

J. *The State's Finances*

The State's economic growth not only provides increased job opportunities for our people but also enhances the State's ability to meet its responsibilities for services to our citizens.

Every State service has been intensively reviewed to assure that its need and cost are fully justified. The Budget which I will submit to your Honorable Bodies by February 1 will describe in detail the present financial situation and outlook for the year ahead. It will continue to meet our citizens' growing needs for services within the framework of a stable tax structure and a balanced budget.

K. *Tax Conformity*

1. *Procedural Conformity with Federal Income Tax.*

In 1960, your Honorable Bodies amended the New York personal income tax law in order to permit almost complete use of the income, exemptions and deductions reported on Federal income tax returns. This change greatly simplified New York income tax returns for many of our citizens and saved them over \$10 million.

This year, I recommend for your consideration a bill to conform as closely as practicable with Federal practice our administrative procedures relating to refunds and deficiencies including in par-

ticular provision for ninety-day letters of deficiency prior to assessment.

2. *Toward Pay-as-you-go for Corporation and Bank Taxes.*

Three years ago your Honorable Bodies enacted legislation, at my request, which placed the personal income tax on a pay-as-you-go basis. This year, as a further step toward the modernization of our tax structure and toward greater conformity with Federal tax policy, I shall recommend legislation which will eventually place State taxation of corporations and banks more nearly on a pay-as-you-go basis, similar to their taxation under Federal law. In order to provide ample time for adjustment to a new schedule of tax payments, this legislation will not affect payments until 1963 and will provide for the transition to take place over a period of years.

L. *Taxation of Nonresidents*

The enactment by New Jersey of its Commuter Benefit Tax has complicated the resolution of tax problems faced by approximately 150,000 New Jersey residents employed in New York and some 80,000 New York residents employed in New Jersey.

Unless the New York withholding provisions are amended to grant a credit against taxes withheld by New York for income taxes paid to other states, double withholding by both New York and other states may result. In addition, unless New York now conforms the credit provisions of its personal income tax to the resident credit provisions in force in most of our sister states, the State Treasury will lose approximately \$30 million in tax revenues.

Accordingly, I recommend for immediate enactment, prior to the January 15 due date for final installments of estimated tax, a bill which would

- repeal the credit now granted to nonresidents by our law and substitute a credit available only to New York residents for taxes paid to other states;
- permit New Jersey residents to qualify for the liberalized deductions provided by your Honorable Bodies in 1961;
- enable New York residents to qualify for similar deductions under reciprocal provisions of the New Jersey law; and
- prevent double withholding.

The repeal of the nonresident credit will cause no undue hardship to residents of states with which New York presently has reciprocal arrangements based on existing law and will limit any revenue loss to New York to \$7 million.

We have seen how State policies directed to improving the economic climate stimulate growth—which in turn means more and better jobs and increased ability of the State to meet the people's

needs—all of which help to make New York a good place to live as well as a good place to work.

II. NEW YORK—A GOOD PLACE TO LIVE

Within this framework, in the past three years, New York has established a new pattern of State leadership to meet a wide range of social problems, human needs and individual aspirations. Of particular importance are:

—State leadership and cooperative action with the localities in meeting regional and community problems arising from unprecedented urban growth. The new Office for Regional Development serves as a focus for the State's activities in this field.

—The largest middle-income housing program ever developed, through the establishment of the State Housing Finance Agency, which has greatly stimulated investment of private funds for construction of middle-income housing by private builders. At the end of 1961, there were 19,451 apartments completed, under construction, or in planning in 44 middle-income projects at an estimate cost of over \$237 million. The State also had 9,681 low-income apartment units under construction or planned in 1961.

In a Special Message which I shall submit shortly to your Honorable Bodies, I shall outline comprehensive proposed action for further significant progress in the housing field. This will include proposed assistance to individuals in securing funds to make the down payments and thereby facilitate the purchase of private cooperative middle-income apartments by thousands previously barred from this market for financial reasons.

Now let us turn specifically to other areas of State action which is helping to make New York a good place to live.

A. Opportunities for Education

One test of our faith in the future of democracy is the provision we make for the education of our children. In a world of unparalleled complexity and change—and of unparalleled danger to human freedom—this test can be met only by providing broad opportunities for learning of the highest quality. In the past three years, almost 40 per cent of the increases in State revenue have been devoted to extending and improving education at all levels—elementary, secondary, undergraduate and graduate.

Last year, special attention was focused on higher education and a broad program was enacted to advance greatly the State's efforts in this field.

However, throughout this period, State aid to elementary and secondary education has been increased each year at a record-breaking pace. The result has been that during the past three years, State aid to local school districts was \$626 million greater than such aid during the three prior years. It has now reached an annual rate

of more than \$800 million as compared with an annual rate of \$500 million in 1958.

This huge additional amount of State support of our public schools reflects not only increased school populations but also increased sharing by the State with local taxpayers of the costs of public elementary and secondary education.

1. *Elementary and Secondary Education.*

Despite the significant increase in contributions from the State, the rising cost of maintaining our system of elementary and secondary schools is straining the financial resources of many local school districts and their real property taxpayers. Changing conditions and special problems require consideration of basic changes in the school aid formula to meet more adequately the educational needs of the State's communities in relation to their financial capacities.

I am awaiting with interest the final report of the Diefendorf Joint Legislative Committee on School Financing and its recommendations for strengthening the financial base of our public schools.

2. *Higher Education.*

The year 1961 will long be remembered in this State for the adoption by your Honorable Bodies of the program which, through a \$50 million increase in financial aid to students and other measures, improved the opportunities of our young men and women to go to college—and to attend the college of their choice.

Our goal is that no young man or woman with the capacity and the desire to seek a college education should be prevented from doing so because of the lack of adequate college facilities or for lack of financial resources.

In order to achieve this goal, two things are essential:

First: Doubling college facilities in the State in the next ten years.

In this connection, we must keep very much in mind the great contribution made by the private colleges which today provide educational opportunities for 60 per cent of our college students.

At the same time, I can assure you that we are aware of the State's responsibilities for the expansion of State University facilities which this year are providing educational opportunities for some 53,000 young men and women.

Second: Giving greater financial assistance and encouragement to students in seeking a higher education at the college of their choice. Toward the accomplishment of these two objectives, last year I recommended and your Honorable Bodies approved a program including:

—Establishment of the Scholar Incentive Program which will provide financial assistance to 122,000 undergraduate and graduate students based on need and educational attainment;

—Doubling the number of Regents and nursing scholarships to be awarded annually throughout the State;

- An expanded student loan program with total maximum loans per student increased to \$7,500 at no interest up to five years and interest limited to three per cent thereafter;
- New appropriations of over \$60 million for State University construction;
- Substantial salary increases for the faculty and staff of the State University and funds for 572 new positions;
- Provision for the development and periodic revision of a comprehensive plan for higher education, both public and private, in the State; and
- Creation of the City University of New York.

a. *Higher Education Planning and Management*—In accordance with the 1961 legislation, the Board of Regents has established a new Office of Management and Planning for Higher Education in the State Education Department. This Office will provide professional assistance in long-range planning and in educational and management innovations.

b. *State University*—The past three years have seen major changes and growth in the student enrollment, the physical plant and the educational direction of the State University.

Full-time student enrollment has climbed by almost 15,000 to a new high of 53,123. The master plan approved in 1961 calls for offering a full liberal arts curriculum at the large majority of the four-year colleges and for the addition of four complete graduate centers.

Enrollments at the State University must rise sharply if the University is to meet its share of increased student applications by 1970. The most urgent period will come in the next three or four years.

The immediate problem is to expedite construction already in progress or in the planning stages, to reduce the time lag between determination of need for new facilities and student occupancy, and to finance the large additional capital expenditures which are required. I shall present shortly an important proposal to your Honorable Bodies to meet this problem.

A further and vital aspect of providing the educational opportunities envisioned in the master plan is the early consummation of the merger of the University of Buffalo into the State University. I urge your favorable consideration of the necessary legislative authorization and appropriations to permit this merger.

c. *City University of New York*—Last year your Honorable Bodies upon my recommendation created the City University of New York from the existing city colleges.

Also on my recommendation, State aid for these colleges has risen 200 per cent to \$27.4 million in the current year from the \$9.3 million provided in 1958. State aid now constitutes about 45 per cent of the annual cost of maintaining these colleges as compared with the 25 per cent provided in 1958.

The State's assistance to the City University has never been tied to any tuition charges on students, nor will it be under my Administration. Tuition policy should be solely a matter of home rule for the City University and the City of New York to determine.

Expansion of the City University, with the development of post-graduate degree programs, is necessary if its fine constituent colleges, with their cherished traditions, are to accommodate their share of the greatly increased number of qualified college and graduate students. I am looking forward with deep personal interest to the master plan of the University being prepared in accordance with the 1961 legislation.

d. *Medical Education*—Six weeks ago, the Chancellor of the Board of Regents joined with me in appointing a Special Committee on Medical Education to recommend an overall plan whereby the State can meet the present and future needs of our growing population for doctors, nurses and other medical personnel. A report from the Committee has been requested in time for consideration of its findings and recommendations at the 1963 Session of the Legislature.

e. *College Credit for Independent Study*—Both the Committee on Higher Education and the Board of Regents have in the past called attention to the number of students doing college-level work throughout the State by independent study, adult education courses, and courses provided by industry and through the medium of television. Both have recommended that Regents examinations be established which would test a student's knowledge, skill and command of a given subject resulting from such courses and thus provide a basis for appropriate credit at participating colleges. My Executive Budget will include sufficient funds to enable the State Education Department to prepare such examinations in selected areas on an experimental basis.

B. New Opportunities for Youth in Trouble

The small but tragic percentage of our young people who come into conflict with society and the law has been a major subject of attention for my Administration and particularly for the Division for Youth established in 1960.

During the past year, the Division for Youth, in addition to its important work in administering a coordinated State-local program through local youth agencies, has initiated a program for 20 youth centers aimed at the prevention and eradication of delinquency among fifteen, sixteen and seventeen year-olds. The centers planned for this program include Short-Term Adolescent Resident Training Centers, Youth Division Homes, and Forestry Camps.

These various facilities, under the Division for Youth and embodying a new treatment approach, will continue to be supplemented by Conservation Work Camps established by the Department of Correction for an older group of youths convicted of crime.

C. Consideration for the Aging

1. *Better Health Care for the Aging.*

An important step was taken last year with the enactment of the State's Medical Assistance for the Aged program, which now provides the most comprehensive medical care of any such program in the Nation.

a. *Expanded Benefits under Medical Assistance Program*—Cost experience now available enables me to propose to your Honorable Bodies this year that the care and services which may be provided under this program be expanded to include:

- dentists' services,
- dentures,
- eyeglasses,
- rehabilitative services related to physical therapy, and
- laboratory and x-ray services.

b. *Necessary Federal Action*—Significant as these steps are, they do not meet the problem of assuring medical care for all of our senior citizens. This problem can be dealt with effectively only on a national basis. Therefore, I would like to urge once again that the Federal government act on the matter without further delay.

The best approach to a national program of medical benefits for senior citizens is through the fiscally-sound and proven contributory system of Social Security with an option as to benefits. Under this option, the benefits would be provided either under a schedule set up by the Social Security System or through cash payments to cover purchase of at least equivalent private health insurance, as each beneficiary may choose.

I believe that this voluntary option is essential to preserve the principle of individual choice in connection with medical care and to foster continued development of private health insurance plans for the elderly.

c. *Encouraging Private Group Health Insurance*—In order to encourage the purchase of private health insurance by persons over the age of 65, I urge your Honorable Bodies to enact legislation authorizing insurance companies to act jointly in providing both basic hospital and major medical insurance for these persons on a group basis. Such legislation should enable companies to make available broader coverage at lower rates than are now charged persons over 65 for individual policies.

2. *Housing for the Aging.*

The elderly not only face the problem of finding decent housing at reasonable cost but also often require housing of special design and location to protect them against health hazards or undue exertion.

Accordingly, the State's program of housing for the aging, both low-rent and middle-income, has been stepped up more than '75

per cent in the past three years—to a total of more than 18,000 apartments.

This increase results from my request in 1960 that \$50 million of existing State funds for housing be reserved for the aging, and a policy of the Division of Housing and Community Renewal which requires that at least 10 per cent of all low-rent units and at least 20 per cent of all middle-income units which receive State financing be suitable for occupancy by the aging.

3. *Office for the Aging.*

The New York State Office for the Aging, established in April 1961, is charged with the responsibility of coordinating, stimulating and promoting the further development of services to the aging. I propose for your consideration an expansion of the Office's program of technical assistance and guidance to local communities.

D. Concern for Mental Health

In terms of human lives directly affected, the responsibility of providing care, treatment and hope for the future of the mentally afflicted is one of the most significant human responsibilities of the State.

In an important Special Message to your Honorable Bodies in the near future, I propose to outline a comprehensive master plan for the care of the mentally ill and for the mentally retarded. My Budget Message will recommend substantially increased funds to permit a major first step this year toward its realization.

E. Progress against Alcoholism

Alcoholism is a health problem afflicting an estimated 700,000 people in this State. The combined efforts of the State, local communities and dedicated private individuals and organizations are required to make progress in the fight on alcoholism.

To provide a focal point for the State's programs, a Division of Alcoholism was established during the past year in the Department of Mental Hygiene. I have also recently appointed an Advisory Council on Alcoholism to assist in the development of the coordinated State effort. This includes increased research and study programs, pilot treatment units for severely afflicted alcoholics, State leadership in stimulating the establishment of alcoholism clinics offering psychiatric guidance and services in general hospitals throughout the State, and educational programs for the general public and professional groups concerned.

F. A Fresh Attack on Narcotics Addiction

Narcotics addiction is a problem of most urgent human concern. Its insidious effects are tragic to the addict and his family and dangerous to society.

This problem is being attacked on more than one front:

1. *Expanded Research.*

Since 1959 the Department of Mental Hygiene has conducted a program of research and treatment at Manhattan State Hospital, combining laboratory, inpatient and outpatient operations. In view of the growing seriousness of the addiction problem, I recommend an increase in the State's narcotics research effort.

2. *Medical Treatment for Certain Addict Offenders.*

Many arrested addicts whose crimes are related to their addiction and who are not considered incorrigible may appropriately benefit from medical and psychiatric treatment in special facilities in civil hospitals followed by aftercare in the community.

In order to allow the civil commitment of such addicts to special facilities as they are available, I urge you to give favorable consideration to legislation presently being developed for this purpose through the cooperative efforts of the Commissioners of Mental Hygiene and Health, the Chairmen of the Senate Public Health and Assembly Codes Committees, the District Attorneys' Association of the State of New York, and other interested community groups such as the East Harlem Protestant Parish.

3. *Centering the State's Responsibilities.*

In order to focus in a single agency the State's responsibility for research, treatment and aftercare in the field of narcotics addiction, the legislation being developed will expressly place this responsibility in the Department of Mental Hygiene, which now has primary responsibility for the State's programs.

G. Improved Public Health

1. *Reducing the Cost of Medical and Nursing Care.*

Uneconomic use of medical and nursing facilities is a factor responsible for the high costs of caring for the ill. Our objective must be to meet each patient's medical needs as economically as possible. Accordingly, I am asking the Interdepartmental Health and Hospital Council, in consultation with the State Hospital Review and Planning Council and others as appropriate to:

1. Develop a pioneering plan to inventory existing medical and nursing services, looking toward their more effective utilization.
2. Draft a model code for nursing homes which, if adopted locally, would assure compliance with higher standards of nursing home care. This in turn should relieve pressures on hospital facilities by providing a suitable alternative for persons who do not require full hospital care.

2. *Medical Research in Viruses and Cancer.*

One of the areas of greatest current potential for medical research lies in the study of viruses. The stunning record of accomplishment

in virus research in the Salk and Sabin vaccines against polio is an indication of what may be possible. Scientists predict that vaccines to protect against measles and other diseases are within reach. The possibility of a link between viruses and cancer is suggested.

For all of these reasons, I have directed the State Health Department to proceed with the planning of virus research facilities at the Department's Division of Laboratories and Research here in Albany. At the same time, at the Roswell Park Memorial Institute in Buffalo, one of the world's finest cancer research facilities, the State will continue its important work in the field of cancer research. My Executive Budget will contain a recommendation for planning funds for two new research facilities at the Institute.

H. Protection for the Consumer

There has been substantial progress in the past three years in the field of consumer education and protection. Much of this progress has resulted from the dedicated and unfailing efforts of Attorney General Louis J. Lefkowitz to protect the people of this State from the unscrupulous practices of frauds and cheats.

The number of such unprincipled persons is small, but the harm they do to the public and the legitimate businessman is great. Efforts to eradicate their influence will be intensified in the coming year.

I. Highway Safety

A vital factor in making New York State a better place to live is the impressive progress which has been made in the past three years in our approach to the basic factors involved in accident causation—the driver, the vehicle and the highway.

We are heartened that our record is the best in the State's history in that motor vehicle deaths have reached a new low in relation to miles traveled.

However, we must continue our efforts to meet the traffic safety challenge. I urge:

- Legislation to subject all school bus drivers to chauffeur licensing requirements;
- Legislation to permit convictions of traffic violations in contiguous states as well as forfeitures of bail on traffic offenses to be included within the operation of the "point system"; and
- Consideration of appropriate standards for legislation to permit a broader program of driver re-examination.

J. Public Welfare

In order to maintain public confidence in the objectives and operation of the laws relating to the aid, care and support of the needy, I appointed a distinguished, eleven-member Moreland Act Commission last August to make a broad study of public assistance and care within the State.

I am confident that the Commission's report will afford a precise and impartial evaluation of this entire area and provide a basis for legislative recommendations next year.

K. Equal Opportunity

Equality of opportunity is an imperative if we are to make New York a good place for all citizens to live. Over the years, New York State has been a consistent leader in giving practical expression to our national spiritual heritage of the supreme worth of the individual. The State Commission Against Discrimination, since its creation in 1945, has been a great instrument for the realization of these ideals.

To further this important work, I recommend:

- That the membership of the Commission be expanded from 5 to 7 commissioners.
- That the administrative powers of the Chairman be strengthened and that provision be made for the appointment of a Vice-Chairman.
- That the Commission open additional offices in New York City—one in upper Manhattan and one in Brooklyn—to facilitate opportunities for citizens to exercise their rights under the law.
- That the Commission insure equal opportunity for participation in apprenticeship and other training programs.

Recent expressions of concern by national leaders of organized labor over the problem of discrimination lead me to point out that the jurisdiction of the State Commission Against Discrimination has covered from its beginning any discriminatory practices in labor unions. It is my hope that the Commission's effective conciliatory procedures will be utilized to the fullest extent by all those directly concerned—both in labor and in management—with the problem of discrimination in the labor field.

L. Good Government

Good government is the pride of New York. It has been an important factor in making New York a good place to work and to live.

Thanks to your Honorable Bodies, we are undertaking the first reorganization of the Courts in 115 years and the establishment of a Statewide, unified Court system, as approved by the voters last November. In addition, you have enacted 45 bills and the voters last November approved a constitutional amendment further to implement my Administration's program for the first reorganization of the Executive Branch in more than thirty years.

I contemplate a series of recommendations to your Honorable Bodies to further these and other advances, including strengthened law enforcement and administration of criminal justice, increased judicial manpower, revision of New York's civil procedure, mod-

ernization of constitutional provisions regulating the right to vote and additional benefits for civil servants.

As for good government at the local level, your Honorable Bodies deserve great credit for encouraging charter revision in New York City and in other cities in the State and for taking decisive action last August to lift the New York City school system—with its one million school children and 40,000 dedicated school teachers—out of the confusion and corrupt practices into which it had fallen and the crisis caused by the reluctance of City leadership to assume its responsibilities and to take the necessary corrective action.

The safety and protection of all citizens is a vital phase of good government at all levels. In this connection, we can take satisfaction that the national fallout shelter program announced last month parallels our State program with respect to public and family shelters. The Federal program will supplement our State program and should help assure the widest participation of schools, colleges and community service groups in the shelter program.

CONCLUSION

In conclusion, may I express my appreciation for this opportunity to review these matters before us—opportunities for young and old . . . public health and urban development . . . rural well-being and atomic research . . . fiscal integrity and law enforcement . . . the administering of justice and the expansion of job opportunities.

All these areas of action will profoundly affect the well-being of the people of the State of New York for years to come.

All of us believe that New York can and should lead, by act and example, in giving new proof of the creativeness, the vigor, the vision and the leadership of free government.

The full meaning of this challenge reaches far beyond our boundaries.

The world is filled with nations either dedicated to the destruction of freedom—or coveting and struggling for the blessings of freedom.

It is the supreme task—for all Americans, in such positions of trust as you and I—to do all in our power to refute and deny those predicting the death of freedom . . . and to assure and hearten those craving a life of freedom.

Our purposes, then, must be high—never petty.

Our actions must be responsible—never reckless.

Our leadership must be—never timid nor fearful—but confident, steadfast, and creative.

Stirred by this awareness, we can with God's help do much good work—and be truly worthy of the trust we hold.

(Signed) NELSON A. ROCKEFELLER