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PUBLIC PAPERS

of

NELSON A. ROCKEFELLER

FIFTY-THIRD GOVERNOR

of the

STATE OF NEW YORK

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MESSAGES TO THE LEGISLATURE

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ANNUAL MESSAGE

STATE OF NEW YORK—EXECUTIVE CHAMBER

ALBANY, January 3, 1968

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

It is important that we pause as the new year begins to consider where we are and where we are headed.

As representatives of the people, we meet here today specifically to take stock of the condition of the Empire State—and to view its prospects for further progress.

We meet as men and women of a free society that is being tried and tested—and sometimes divided and confused. Yet it remains a society which endures because it is firmly based on individual responsibility and concern for one's fellow man.

We meet in a time of accelerating economic and social progress—progress which is causing revolutionary changes of established patterns in the lives of all of us. Inevitably, the speed and size of this change cause uncertainty and apprehension—as well as new hope for the future.

In such a society and at such a time, it is vital that there should be the most complete two-way communication between the people and their representatives.

For to be responsive, government must really understand the problems, the hopes, the fears, the needs and the aspirations of all people. And people must have the facts and the chance to understand and participate in the thinking and planning of government.

With all this in mind, many of you joined with me again this year in a series of old-fashioned town meetings with the people throughout the State.

At these meetings, there was frank exchange on all the widely-varying problems and hopes of the citizens and officials of local communities.

It was clear that the people are concerned about the education of their children, the exposure of their children to drug addiction, their personal safety on the streets and in their homes, the

rising costs of medical care, the higher taxes cutting into the increased earnings they have worked so hard to achieve, the general inflation and its effect on the cost of living.

In cities, the disadvantaged struggle for opportunity to achieve a decent living, a good education for their children, more adequate training for better jobs, a chance to break free of poverty and slum life, an opportunity to share with all other Americans in a fuller life.

Local governments across the State feel overburdened with pressures for more money and services, the complex administrative problems and steeply-rising costs of Medicaid, the ever-increasing costs for education, aid to dependent children and other forms of welfare.

As a consequence, they are struggling with major increases in their budgets for 1968 — with resulting increases in local tax rates on real estate running as high as 50 percent in some areas while 28 local governments have already increased or imposed sales taxes for this year.

The net result is that we here in Albany, as the executive and legislative representatives of the people of New York State, are confronted with the greatest demands in the State's history for increases in aid to local governments and local schools.

In considering these requests, we must understand the reasons for these rapidly-increasing costs at the local level.

The three principal areas responsible for the sharply rising costs are primary and secondary school education, aid to dependent children under welfare, and Medicaid.

We must consider these demands for major increases in State aid with a clear and respectful recognition that they spring from heartfelt convictions of their necessity.

The question is: What can the State do to help local governments and individual citizens to meet these problems?

The present State budget (for the fiscal year ending March 31) is \$4.6 billion. Of this, \$2.67 billion already goes directly to localities in the form of State aid. Thus 62 percent of all State revenues are presently channeled into schools and other aid to localities.

On top of existing mandates, we face demands for added State funds for local assistance in the next budget that run to staggering totals. Here are examples:

—Regents' proposals for increased school aid, \$385 million.

—The "Big Six" cities, proposed additional State aid for education in these six cities alone, \$704 million.

—Suburban school districts' proposals to increase State aid to schools from \$660 to \$800 per pupil, \$334 million.

—Proposals of various communities that the State take over all local welfare costs, \$534 million.

—New York City's proposals for increase in general State aid, \$440 million.

Eliminating the overlaps and duplications of these proposals, the total requests for increased State aid to local governments and school districts in the next fiscal year come to approximately \$1 billion, 500 million.

To raise that kind of money for additional State aid would require nearly doubling the present State personal income tax—or increasing the State sales tax from 2 cents to 6 cents on the dollar.

Obviously, this is out of the question.

The seriousness of the situation is clear—and it is not just a problem in New York State. A similar situation exists throughout the country.

We may well be reaching a point where the level of expectations of the American people is rising at a rate which is out-running our capacity to raise the revenue on a sound basis—on a basis that will not seriously affect economic growth and increased job opportunities.

This is not just a state and local problem; it is a national and international problem as well.

On the international scene:

—Britain has already had to devalue the pound.

—The United States is overspending abroad, with a resultant unfavorable balance of payments.

—There is a resulting pressure on the dollar, and our gold supply is dwindling.

On the national scene:

—The Federal Government is faced with a \$30 billion deficit, resulting in an outflow of money, increased inflationary pressures, and high interest rates.

On the State and local scene:

—Governments and school districts almost universally face major budgetary gaps because of pressures for increased spending.

All these are the storm signals of economic stress, with worldwide implications.

It seems to me that we have arrived at a moment which cries aloud for a pause to take stock.

It is time to see clearly where we are, and where we are going, as a people and as responsible political leaders.

What the Federal Government does at the national level affects the economic and financial climate of the states, within which we have to operate, as well as the nation as a whole.

It is essential to us as states, as well as to the nation, to reduce the gap in international trade, to reduce the federal deficit in order to restore confidence in the dollar abroad, to ease the money market and to lower interest rates at home, and to halt the quickening pace of inflation.

But action by the Federal Government alone is not sufficient. As a people, and as local officials, we must face the fact that government at all levels—just like a family—cannot spend way beyond its means for long without weakening its credit and undermining its strength.

We are by nature a generous people.

We want to help those in need.

This is part of our Judeo-Christian heritage; it is a wonderful quality.

But we simply cannot do it all at once—and we are already close to being dangerously over-committed at all levels of government.

We must exercise a determination to strike the balance between what is do-able and what is desirable.

We must judge what we want by what we can afford.

This is the balance I have sought in the programs submitted for your consideration in this Annual Message and in the Executive Budget I shall offer two weeks from now.

This is the balance I urge your Honorable Bodies to seek in your actions as the legislative representatives of the people of New York State.

The Executive Budget will be a tight, economy budget, without cutting services to meet essential human needs.

Anticipated growth in revenues under present taxes will cover mandated and essential increases in State operations and capital construction items not covered by bond authorizations.

But as far as increased State aid to local government and to school districts is concerned, the plain truth is that we can come nowhere near meeting the \$1.5 billion additional State aid they want.

We will have to hold the increase in State aid to something on the order of \$500 million, even though it will be difficult to do so without seriously hurting essential services.

And we must face the fact that whatever additional State aid is provided will have to come from new or increased State taxes.

Obviously, nobody wants to pay more taxes.

Nobody wants to recommend more taxes.

Nothing of value, however, is free.

If the people truly want and need the services, there must be taxes to pay for them.

What makes the tax situation so difficult for the State and local governments is the fact that the great tax collector in New York State is not the State, but the Federal Government.

The Federal Government collects 68 percent of all taxes paid in New York State.

Local governments collect 18 percent.

But the State gets only 14 percent, of which it gives back 62 percent to local governments and local school districts.

I feel that any new revenue derived from additional taxes in the 1968-69 budget should go back to local governments and school districts to help hold down the pressure on local real property taxpayers.

But local governments also will still have to strike a balance between their needs and their financial resources.

However, in fairness to local government, let me add that present increases in local spending levels have been significantly influenced by Federal and State formulas governing welfare, education and Medicaid.

Now, unfortunately, their problems and ours are further complicated by the fact that the Federal Government is cutting back on the basis and levels of financial support for these programs.

Consequently, I shall ask your Honorable Bodies to review our present State laws governing Medicaid, welfare and education.

Clearly, we face hard decisions together.

But with courage to strike a sound balance, we can realize our goals of social progress, growing strength and equal opportunity for all.

And now, within this framework, let me discuss specific proposals vital to meeting our responsibilities.

I. GOVERNMENTAL STRUCTURE

An important element in the State government's ability to meet the needs of the people is its administrative organization which must be designed to reflect the problems of our times and be able to deliver services efficiently and at the least possible cost.

To further the responsiveness of State government, I intend to recommend for first passage a Constitutional amendment allowing greater flexibility in the reorganization of the executive branch of government.

We are now prepared to offer specific new proposals to help meet the problems of urban areas, economic development and social development which can be carried out under present authority.

A. Social Development Planning Commission

I am recommending the formation of a Social Development Planning Commission to be composed of appropriate State agency heads. Its purpose will be to coordinate the development of a plan for the State in meeting a broad range of social problems, eliminating the overlapping and occasional competition of social programs in youth, welfare and related fields.

B. Office of Urban Innovation

To meet the problems of urban areas more effectively, I will propose an Office of Urban Innovation in the Executive Depart-

ment. It will coordinate the development and evaluation of new urban programs, and will operate pilot projects of its own.

C. Human Rights

Last August I appointed a Committee to Review New York's Laws and Procedures in the Area of Human Rights under the distinguished chairmanship of Mr. Eli Whitney Debevoise.

Through the years, we have extended legal protection against discrimination in a widening circle of human activity. But, the administrative machinery and the procedures built to the specification of yesterday's problem have to be reexamined in the light of today's needs.

In the coming weeks, the Committee is expected to issue its report, which will help provide the basis for legislative and administrative action.

D. Business Development

I am proposing a new unit in the Commerce Department to provide special emphasis on the development and promotion of scientific industry and applied research in the Empire State to expand job opportunities along opening industrial frontiers.

The unit will assume the planning and developmental responsibilities of the present Office of Atomic and Space Development and will promote marine science activities as highlighted at the recent Governor's Conference on Oceanography. The new unit will work closely with the State's Science and Technology Foundation and the Atomic and Space Development Authority to assure a coordinated effort.

E. Other Organizational Improvements

We are also studying the assignment of functions among State departments, particularly in the areas of personal health, environmental sanitation, natural resources, recreation and regulatory activities. Based on these studies, I intend to recommend further organizational changes.

II. WAGE WAR ON CRIME

A fundamental responsibility of government is to preserve order under law.

This basic duty is sharply underscored today by a steep rise in crime and civil disorder.

This Administration and your Honorable Bodies have worked together successfully over the years to promote training of local police, to strengthen the State Police, and to provide our law enforcement officials with better legal and technical tools for combating crime.

Today, I urge you to consider the following additional steps as essential to sustaining a relentless attack on crime:

1. A 500-man increase in the State Police to concentrate on organized crime, narcotics and riot control;
2. A minimum salary for local police;
3. Full-time district attorneys in large counties;
4. Incentives to encourage consolidation of small police forces into more effective, larger units;
5. Clear legal authority for wiretapping and electronic surveillance where essential to fighting crime, with all proper safeguards of basic constitutional rights;
6. Revision of the new Penal Law to clarify the authority of the police officer and the private citizen to use the force necessary to apprehend a criminal and to defend himself;
7. Stricter firearms control.

I am also looking forward to the forthcoming report of the Governor's Committee on Criminal Offenders, which may provide the basis for future recommendations for rehabilitating offenders.

These and other crime-fighting measures will be set forth in detail in a later Special Message.

III. TRANSFORM SLUMS INTO DECENT COMMUNITIES

Our Nation's greatest domestic challenge is to end the despair, the degradation, and the sense of futility that pervade the slums of our cities.

For too long the hopes of those denied the fullness of American life have been betrayed.

Time is running short.

We must release a full-scale attack on intolerable slum conditions—physical, social and economic—if we are to transform those slums into decent communities.

Therefore I urge your Honorable Bodies to support the following actions:

A. Community Renewal

1. State Urban Development Corporation

Within the coming weeks, I will submit a Special Message and proposed legislation to establish a non-profit New York State Urban Development Corporation. The corporation would have power, in cooperation with private enterprise and local government, to undertake the planning, development and construction of housing, light industrial, commercial, educational, recreational and cultural enterprises in our city core areas.

2. *Community Development Article*

I will recommend a new Community Development Article authorizing State participation with the private sector in comprehensive community development to replace the present Housing Article in the State Constitution.

3. *Loan Guarantees for Urban Core Businesses*

I will propose a Constitutional amendment authorizing a loan guarantee program for small and medium-sized businesses in urban core areas where credit is so difficult to obtain.

B. *Job Opportunities*

Basic to the accomplishment of the aspirations of every individual for himself and his family is the opportunity for a good job.

The present period of expansion in our national economy together with the various State and Federal manpower training programs has made it possible for many from slum areas to achieve this employment goal.

In order to increase job opportunities, I recommend the following additional steps in this area:

1. *Job Training in Small Business*

That the State's present Manpower Development Training program be expanded to provide allowances for job trainees in small business establishments.

2. *Job Incentive Board*

That a State-Urban Job Incentive Board be created to administer a tax incentive program for firms providing significant numbers of new jobs in the city core areas.

3. *Fire Insurance for City Businesses*

That legislation be enacted requiring companies writing fire and extended coverage insurance to join a pool to provide protection to insurable property in the central city areas.

An essential element in attracting and holding private employers in the city core area is the ability to obtain adequate fire insurance there.

Last Spring, under an experimental program, we asked insurance companies to inspect central city properties individually, so that the decision whether to insure could be made on the condition, and not the location, of the property. The Superintendent of Insurance has advised me that a voluntary approach is inadequate—hence the importance of the proposed legislation.

C. *Community Services*

Too often the job, guidance, health and other services needed most by the poor are either unknown, or inaccessible to them.

The Executive Budget will, therefore, contain requests for funds to provide a full range of informational services, concerning health care, home economics, and housing, job training and job opportunities.

D. *Educational Opportunities*

1. *Vocational Education*

To help individuals obtain the skills to survive in a modern economy, I will recommend changes in the State law to remove restrictive entrance requirements and age limits to vocational training.

These changes will increase vocational training opportunities for those who need them.

2. *Day Care Programs*

The Executive Budget will request funds for local day care programs, thus giving mothers willing and able to work the opportunity to do so, and thus affording increased educational and cultural opportunities to the children through the day care center's program.

3. *Pre-Kindergarten and other Educational Opportunity Programs*

The Executive Budget will also request increased funds:

—to improve the highly successful pre-kindergarten programs which help disadvantaged children to overcome social and economic handicaps;

—to expand project SEEK which helps disadvantaged high school students to continue their studies and project ABLE which identifies gifted but underprivileged children and gives them a chance to develop their abilities;

—and to expand our Urban College Centers, which offer post-high school courses to disadvantaged students not yet qualified for admission to regular colleges.

IV. *HEALTH*

I will submit recommendations in the field of health which will recognize the fundamental problems we face in the area.

The highlights of this program are as follows:

A. *Universal Health Insurance*

Last year, your leaders and I jointly sponsored a bill to establish the Nation's first universal state health insurance program.

The bill provided basic health coverage for the vast majority of employed men and women and their families with employers and employees sharing costs.

This proposal has been the subject of extensive public hearings conducted by the Joint Legislative Committee on the Problems of Public Health.

I am convinced that universal health insurance is the soundest first line of defense for financing health care.

Government financed programs like Medicaid should serve as a reserve or second line of defense to protect the medically needy and persons whose insurance benefits become exhausted.

Health insurance preserves the relationship between the doctor, the patient and insurer which has traditionally worked so well.

And unlike public medical care, health insurance gives the individual a personal stake in the financial soundness of the system and encourages wiser utilization.

With health insurance, we avoid unnecessary government involvement and also the reluctance of many people to utilize publicly-financed health care, even though they may be eligible and need the care.

Furthermore, we would not be at the mercy of arbitrary Washington decisions which, as in Medicaid, first arouse the people's hopes and cause the states to conform to Federal standards, only to cut back both the standards and the financial support.

In the weeks immediately ahead, I will work closely with your Leaders and with the Joint Legislative Committee on the Problems of Public Health in an effort to reach agreement on the many difficult policy questions involved in advancing a universal health insurance plan.

B. Medicaid

Legislation recently passed by the Congress would drastically reduce Federal participation in the Medicaid program. New York State and its local governments will lose \$48 million in Federal funds the first Federal fiscal year and \$61.7 million the second year.

While this bill was still in conference between the House and Senate in Washington, I named a special cabinet committee to study its impact on New York and have been working closely with the committee and its expert advisers to determine:

- The fiscal ramifications of the imminent cutbacks in federal funds;
- The administrative feasibility and savings that might result from establishment of geographical eligibility income differentials under the new legislation;
- The best means of determining and preventing abuses of the Medicaid program;
- Possible improvement of the present administrative structure for implementing Medicaid;

—The impact of Medicaid upon existing pre-paid health insurance plans; and

—The relationship of a universal health insurance plan to Medicaid.

I shall submit very shortly to your Honorable Bodies specific proposals to cope with the Federal cutbacks and the sky-rocketing costs of Medicaid to the State and local governments.

C. Narcotics Program

I am pleased to report that the narcotic addiction control program, adopted overwhelmingly by your Honorable Bodies, has in less than 10 months of operation already brought more than 2,000 addicts under the supervision and treatment of the Narcotic Addiction Control Commission.

Under the provisions of the Executive Budget which I will submit, we should have, by the end of this year, 8,000 addicts off the street—where they threaten people—and under treatment, where they can help themselves. I urge your continued support for this vital program.

D. Abortion Law Reform

I will appoint a select committee of leaders in the fields of medicine, law, and theology, and representatives of civic groups to review our present State law on abortion in relation to what other states and nations are doing, and to work with the legislative and executive branches in developing proposed new legislation on this subject.

E. Hospitals and Nursing Homes

A large percentage of the hospitals throughout the State have obsolete and inefficient physical plants and therefore maintenance and operating costs are inordinately high. Two years ago, your Honorable Bodies approved a special program for self-liquidating State Housing Finance Agency loans to build nursing homes. This program has been highly successful.

I shall therefore propose a similar loan program for modernization of existing hospitals and, where necessary, construction of new hospitals through the Housing Finance Agency. I shall also propose a substantial increase in the Agency's loan authorization to be made available for nursing home loans.

F. Health Services

1. Heart Research

Heart disease all too often strikes down its victim at the peak of productive life and family responsibilities.

To help expand the scientific resources which are probing the cause, prevention and cure of heart disease, I will propose establishment of a Cardiovascular Research Center at Roswell Park Memorial Institute, New York State's world-renowned cancer research center.

2. Respiratory Diseases

Respiratory diseases are the fastest-rising causes of death in the Nation. Therefore I will recommend legislation to provide for treatment of additional major respiratory diseases in existing State tuberculosis hospitals.

V. CONSUMER PROTECTION

Consumers deserve increased government protection from the unscrupulous few who cheat the public and prey with special cruelty on the poor.

Attorney General Lefkowitz has saved New York's consumers millions of dollars annually through his Consumer Frauds Bureau.

This year we shall seek new consumer protection laws including the following:

A. Auto Repair Licensing

A licensing program to reduce swindling of motorists with shoddy, unnecessary and even unperformed automobile repairs;

B. Truth in Lending

"Truth in lending" legislation so the consumer knows the full interest cost and finance charges for borrowing and buying on credit;

C. Meat Inspection

An expanded State meat inspection program to cover all communities, provide licensing of rendering plants, and to make it a felony to sell unwholesome meat for human consumption.

D. Auto Insurance

Another area in which I believe the citizen deserves better treatment is our system of compensating the victims of automobile accidents.

Last month I appointed a distinguished panel under the Chairmanship of Judge John Van Voorhis to examine the present methods for dealing with this problem, and to submit recommendations for improvement.

VI. TRANSPORTATION

Your Honorable Bodies and the people of the State have placed New York in the forefront of effective action to meet the towering transportation problems of our times.

Approval of the Administration's transportation program including the Transportation Bond Issue has made this the first state government to undertake planning and development of a comprehensive and balanced transportation system.

As a result:

—The new State Department of Transportation in cooperation with local governments and local authorities is preparing a Master Plan for Transportation throughout the State;

—The Metropolitan Commuter Transportation Authority is developing an action program for major transportation improvements throughout the New York metropolitan region; and

—The Niagara Frontier Transportation Authority is developing a similar program for its area.

In the Executive Budget, I will recommend for your approval the initial projects throughout the State to improve airports, bus systems and other mass transportation facilities.

A. Highway Safety

In spite of efforts at all levels of government to halt the carnage on our highways, deaths and serious injuries continue to rise as more and more automobiles crowd the roads.

I will submit for your consideration a full range of highway safety measures, dealing with such areas as driver training, licensing, law enforcement, drug and alcohol research, and safety administration.

VII. ECONOMIC GROWTH

This administration, from the outset, has worked to foster a climate for economic growth and increased job opportunities. It is gratifying indeed that the highest index of business activity and the lowest unemployment rate in the State's history were recorded in November of 1967, the last month for which figures are presently available.

We will continue to build upon the policies which have done so much to help make this outstanding record possible.

A. Electric Power Development

The Electric Power Committee, which I appointed, presented its report last month. The report makes a major contribution to the future power program of our state and reconciles differences on power policy which prevented passage of the

program introduced last year. I shall present specific proposals in line with this report so we can achieve together a program that will assure the future growth and development of New York State—meeting our needs for sufficient and low-cost industrial power, holding down costs to individual consumers, and providing full utilization of the State's public and private power resources.

B. Improved Social Insurance for Working Men and Women

In view of the increased cost of living, it is clearly time to improve benefits under the State's employer-financed Workmen's Compensation and Unemployment Insurance as well as Disability Insurance, and I will propose legislation to do so.

C. Migrant Labor

I will also recommend a series of proposals and legislation to improve the economic opportunities and employment protection of migrant laborers who play so important a role in the harvest of New York's crops.

D. Post Vietnam Recovery

Recently, I announced that I would appoint a Post Vietnam Study Group to help New York State minimize the social and economic impact of the conversion from war to peace and to prepare for expanding opportunities in the future.

A rapid pace of economic development cannot, should not and need not depend upon the stimulus of war. To accomplish such development, however, government, in cooperation with private groups, must plan intelligently for future economic growth and opportunities and create a framework of incentives to mobilize the resources and managerial skill of private enterprise for the unfinished wars on poverty, ignorance and disease.

VIII. Conclusion

This, then, is the Administration's program to meet the essential needs of the people of our State on the soundest possible fiscal terms.

It is a program dedicated to what is attainable—not just what may be desirable.

It is a program which seeks to pursue that elusive but ideal balance of government in which public order is preserved, human progress is advanced, and governmental responsibility is practiced.

We live in troubling—even divisive—times.

I have sought to submit to your Honorable Bodies today a program to help balance the various forces at work in our society—so that we may preserve order, yet welcome change—and build on the best of the past as we move into the future.

With God's help, let us work together to the attainment of these objectives in the fulfillment of our joint obligation to serve the needs of the people of New York State.

(Signed) NELSON A. ROCKEFELLER

Message Transmitting the Executive Budget and Recommended Appropriations for 1968-1969

STATE OF NEW YORK—EXECUTIVE CHAMBER

ALBANY, January 16, 1968

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

This Budget attempts realistically to recognize and balance the essential needs and capacity of our society.

Despite our acute awareness of the demands which the State must meet during the next fiscal year, we must also remain cognizant of the inevitable limitations placed upon our efforts by economic realities.

There is a definite limitation upon the ability of a Governor to keep down increases in expenditure. This is so because more than 68 per cent of the moneys collected by the State government go back to local governments and local school districts as State aid. These payments to localities and school districts are mandated by law or are obligatory.

As I mentioned to your Honorable Bodies in my Annual Message, the State was faced this year with demands for additional local aid which alone amounted to \$1.5 billion. By paring these requests to the absolute minimum amount needed to fulfill essential demands, we have held the proposed increase in State aid for 1968-69 to about \$500 million.

In addition, I have held the increase in capital construction expenditures to be financed from current revenues to a relatively small rise over the 1967-68 level through prudent use of additional bond funds where essential construction projects could be financed from such bond moneys.

In the area of State operations, the Governor has more discretion. Here too, though, there are compelling circumstances

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