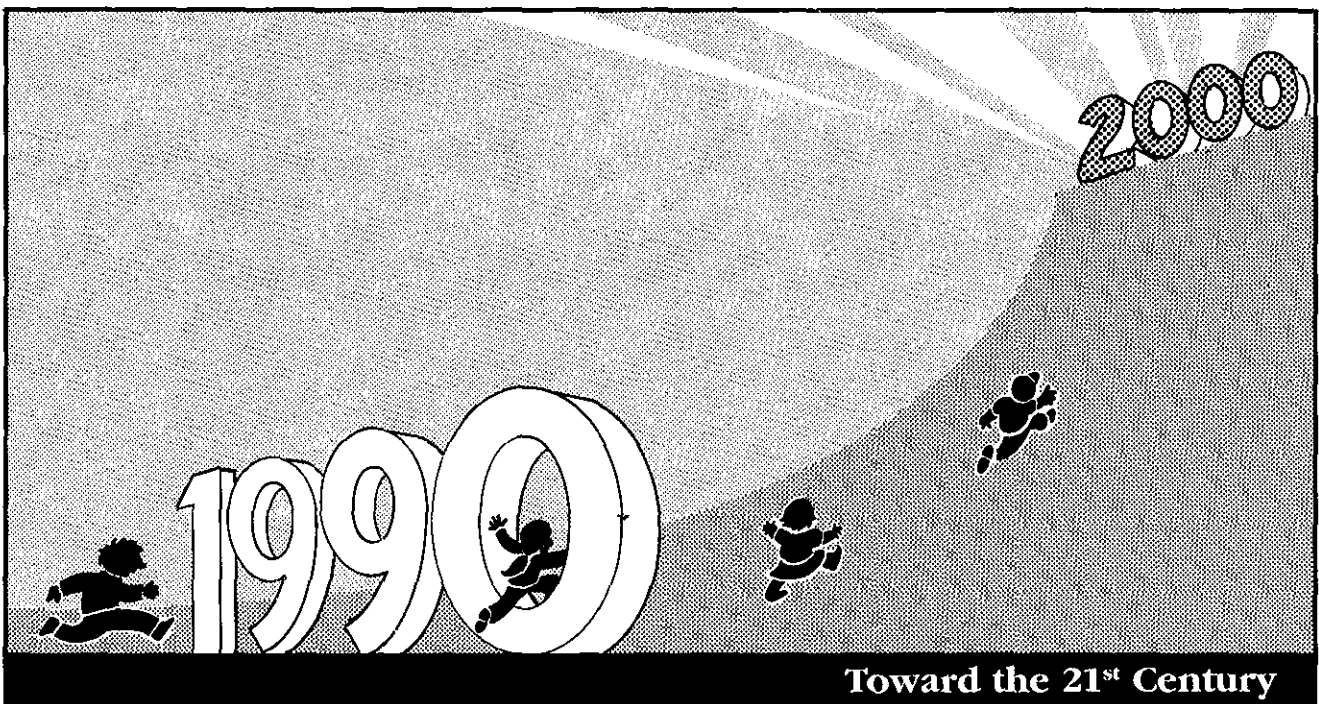


Governor Mario M. Cuomo

Message to the Legislature



Albany, New York
January 3, 1990



Toward the 21st Century

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ANNUAL MESSAGE
STATE OF NEW YORK

January 3, 1990

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

I am deeply honored to have another occasion to present this Annual Message on the condition of the State and our plans for the future.

I welcome back to Albany the members of the Legislature, and your leaders -- Speaker Mel Miller, Senator Ralph Marino, Senator Fred Ohrenstein and Assemblyman Clarence Rappleyea.

I look forward again this year, to continuing the work that has made possible our extraordinary progress in the past and that will be essential as we approach the Twenty-first Century.

We have achieved extraordinary progress in the last seven years. And we have done it by working together -- Democrats and Republicans -- in an intelligent bipartisanship that put the interests of the State first, without sacrificing the principles that distinguish our parties.

Past administrations have often been measured by the amount of bricks, mortar and metal they have left behind, as though those were the best monuments to our progress.

We would do well by that measure.

We said we needed to rebuild the State to prepare for the Twenty-first Century.

We have revitalized thousands of miles of highway and hundreds of bridges through the \$4.25 billion Rebuilding New York program.

We have committed more than \$5 billion for the airports, tunnels and trains of the Port Authority, and made available \$16 billion to refurbish and make safer our subways, buses and commuter lines.

With the City of New York, we are still building the spectacular Battery Park City, so successful already that it will produce more than \$900 million in profit we can spend to provide badly needed affordable housing in other parts of the city.

We have invested still billions more to modernize and preserve the State and City Universities; to build and to repair public housing, and public schools.

We estimate conservatively that this investment during these last seven years totals more than \$50 billion.

But we have another and even more vital interest than bricks and mortar, and metal.

Our idea of family has emphasized this State's human concerns and resources -- the nurturing and the rebuilding of lives. We have used the idea of family to help many people who, without government, would not be able to share the benefits of a free enterprise economy -- because they're born with minds that are a little slower or bodies more fragile, or have grown too old, or are, in some other way, troubled or disadvantaged.

We, in New York State, have always understood that the best way to help people is to start by making our economy strong.

We knew we would have to strengthen our private businesses and encourage our private investors, to produce the jobs and the wealth we need.

Well, we have made our state the ninth largest economy in the free world today! We rank right behind our giant neighbor to the north, Canada.

We said our income taxes were too high; we pledged to reduce them.

Today our income tax rate is the lowest in 30 years, after we produced the two largest income tax cuts in New York State history.

We came into government promising jobs and justice.

There are over one million more people at work now than in 1983.

Our last annual unemployment rate is lower than at any time in 19 years.

In the last two years alone, 100,000 people have left the welfare rolls.

We said that education would continue to be our priority. It has always been the magic key to success in this country: It still is.

Our Liberty Scholarship program is the first of its kind in the nation. It gives every child in New York a guarantee that no one will be denied a college education just because he or she is poor.

Our Excellence in Teaching program has dedicated more than \$500 million to help attract the best teachers possible.

We have provided nearly 150,000 new computers, so our children will be able to compete in the new high-tech, high-intensity competition of the Twenty-first Century.

We said we would protect our people from the criminals in our midst; protect our homeless, our sick, our people with mental illness.

The resources we dedicate to fight drugs and related crime have increased by more than 400 percent since I became governor.

Our residents who are mentally ill, or mentally retarded, are only a relatively small part of our population, but no state in the union invests more in the care and protection of these special people.

We have created the nation's largest program for affordable housing. And the most extensive program for the homeless as well.

We have generated new efforts to meet the needs of our rural communities and to foster the economic opportunities of our agriculture and food industries.

We devote more of our resources, per capita, to the struggle against the terrible plague of AIDS, than any state in the nation, including California -- although it is still not enough to meet the need.

We said we wanted to lead the nation in cleaning and preserving our environment.

Since 1983 New York has built the strongest environmental agenda in the State's history. We implemented the first controls on acid rain in the nation. We enacted aggressive recycling and landfill control programs. And we initiated the acquisition of thousands of acres of virgin lands -- set aside, to be preserved for all the generations to come.

The Challenge of the Nineties

I'm proud of that record. We should all be. The Democrats, and the Republicans who made it here together. And the people who chose us and instructed us.

But we must acknowledge that extraordinary challenges remain. There are many people in need in this country today -- people you could call "disadvantaged".

In this state, 2.5 million of them have no way to pay for the health care they need.

Two million of them are illiterate, unable to read the language on a bottle of poison or directions on a street sign.

There are thousands of homeless, who warm themselves against the killing winter, huddled by the exhaust fans of big building heating systems or in flimsy cardboard shelters under city bridges -- in Albany and communities throughout this state, as well as in our largest city.

And there are the children -- children who at an early age are emptied out into the mean streets, immersed in drugs and crime and violence.

Children who learn to recognize the sound of gunshots before they have ever heard an orchestra.

Every year, one million children across the nation drop out of school before they have had a chance to learn what they need to know to make it in the world. Many will have children while they are still children. A tragic number will try crack, and one of every two of them who do will be captured -- from the very first "hit" -- perhaps never to return from the madness and the tragedy of addiction.

For seven years we have struggled to meet these needs. None can accuse us of not making the sacrifices required to provide law enforcement, education, help for the elderly, the ill, the poor -- resources for the rebuilding of our roads and bridges and buildings. Each year we have used more of our wealth and strength.

With these programs and assistance to our local governments, for seven years we have turned our political poetry into the plain prose of budgets that made real our promises. At the same time, our federal government has retreated further and further from its partnership with us, providing us less and less even as our needs grew into crises.

Instead of sharing more of the national wealth to help the states and counties and cities and towns deal with national problems like drugs and education and roads and bridges, the federal government has pressured the states and local governments to raise their already high taxes in order that Washington could build an enormous military budget while taking credit for the largest federal revenue tax cut ever.

This federal policy -- that forces states to pass regressive real estate and sales taxes, and to compete with one another over income tax rates -- by pitting one state against another, weakens us as a nation.

This has to change. Not just for the good of our state but for the good of the whole nation.

We need new strength -- for a new start.

As there always has been in this country, there is -- at this moment -- an exciting opportunity for that kind of resurgence.

And New York can play a leading role in urging the nation to grasp it! I will ask the four legislative leaders to join me in this effort, travelling to the White House and to the halls of Congress in a bipartisan campaign to secure this new agenda.

New Realities

In recent months, new realities have emerged that challenge us to new thinking and actions.

Every week, it seems we hear shouts of "freedom" in a new language. The exultant cries of joy from Eastern Europe, as millions of people tear down the walls keeping them from our kind of democracy, tell us clearly that the cold war -- as we have known it for 45 years -- is over.

At this moment, more than \$300 billion of our wealth is tied up in the military budget -- because of that cold war.

For nearly half a century, that cold war has drained off trillions of dollars of our national wealth for arms and armaments to frighten our enemies into quiescence.

But now -- instead of the cold war -- we face a different struggle. It is an economic struggle; a fiscal struggle; a struggle against staggering deficits and forces that are destroying our children; debilitating millions of our people and threatening our nation's future. It is a struggle we can lose without our opponents firing a single missile.

We need a different kind of national defense budget that meets these new threats to our future.

Of course we must have adequate military power! We must always be strong enough to deter enemies or to defeat those we do not deter. But with the rest of the world, as eager as we are to do it, we must find less expensive ways to achieve that deterrence.

We must begin to shift billions of dollars from our military budget by prudent, gradual reduction in armed forces and arms.

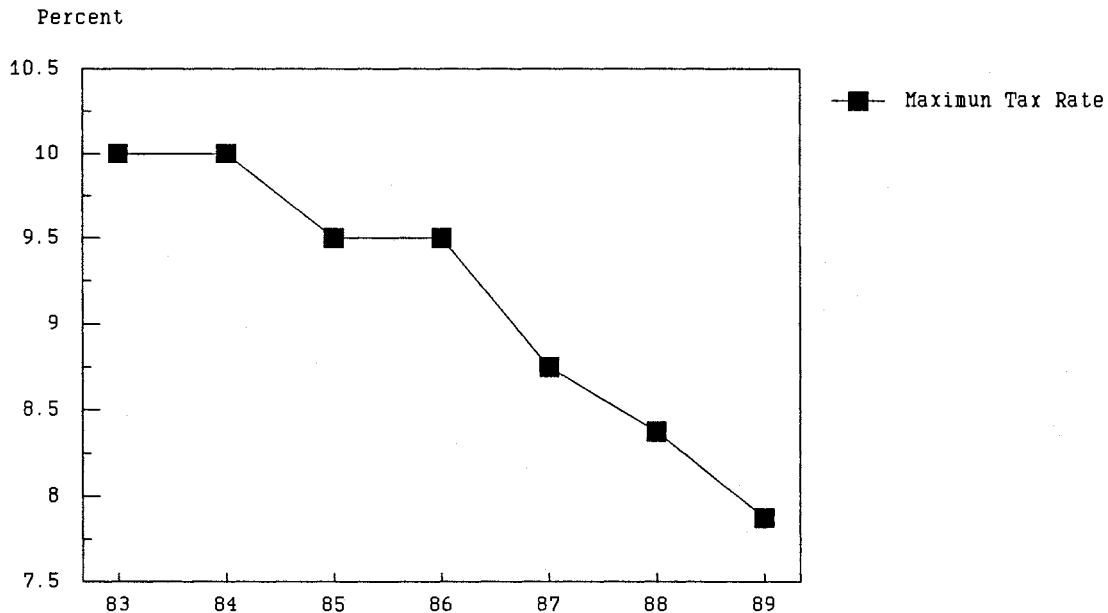
President Bush's recent calls for arms reductions are hopeful signs. Now, all of us in New York -- and around the country -- Democrats and Republicans alike -- should come together to call upon Washington to seize the opportunity. We should do it here in Albany, and we should travel together to Washington to talk to Democratic members of Congress, to Republican members of Congress, and to the White House.

At the same time, here in New York, we will continue to do our part to help this nation prepare for the challenges of the new international marketplace. Rebuilding our institutions, strengthening our people -- especially our children -- for the challenge of the Twenty-first Century.

Let me say clearly, despite the deficits and a slowing of the economy of the nation, and especially of the northeast -- no matter how hard the challenge -- we will not surrender any of the considerable progress we have made in the last seven years.

We will not raise our income taxes beyond the current level -- the lowest in 30 years. Nor will we reduce any of the generous levels of support we gave last year to our most urgent needs. Although we will not be able to move forward as fast or as far as we would like, we will move forward, not backward.

**Maximum Tax Rates on Earned Income
Personal Income Tax
1983 through 1989**



As one of the largest economies in the world, New York will continue creating jobs with a fair tax system, economic inducements and reasonable regulation.

And we will have a bold new program to involve us more deeply and profitably in the global economy. This program to expand further New York's presence in the international marketplace will consist of a series of initiatives with Japan and the nations of the Pacific Rim, the European Community, Canada and others.

Let me conclude with this thought.

We are a great state -- an important part of the greatest nation in the world. But we have not yet begun to achieve our full potential.

Actually, we've come all this way with one hand tied behind our back. Imagine what we could do if we made full use of all the capacity our people possess.

Imagine what we could do if we could wean ourselves from the terrible national addiction that has made our country the premier market for drugs in the world.

Imagine if all those who wound up in treatment, or hospitals, or prisons were instead working in laboratories, offices, or plants -- using their gifts productively, helping themselves and the rest of us.

Imagine how strong we would be -- how much good we could do -- if we could spend some of the billions now spent for missiles we dare not fire, on building an economy that would give our children, and those of our opponents, the chance to earn the good life that you and I have enjoyed.

That is the hope -- the "dream", if I may, -- that drives the programs presented for your consideration in this Message. It is a dream that we are more eager than ever to pursue -- working with all New Yorkers, Democrats and Republicans alike -- to help lead the State to a whole new era of progress and fulfillment.

We have had a great and glorious history already, but in the words of a proud New Yorker, Walt Whitman, one of America's greatest poets, "the strongest and sweetest songs yet remain to be sung"!

THE CAMPAIGN AGAINST DRUG AND ALCOHOL ABUSE

In recent months, it has become fashionable in some quarters to suggest that we have lost the battle against drug abuse and that it is time for the wide scale legalization of illicit drugs. I reject that argument and the specious reasoning that lies behind it.

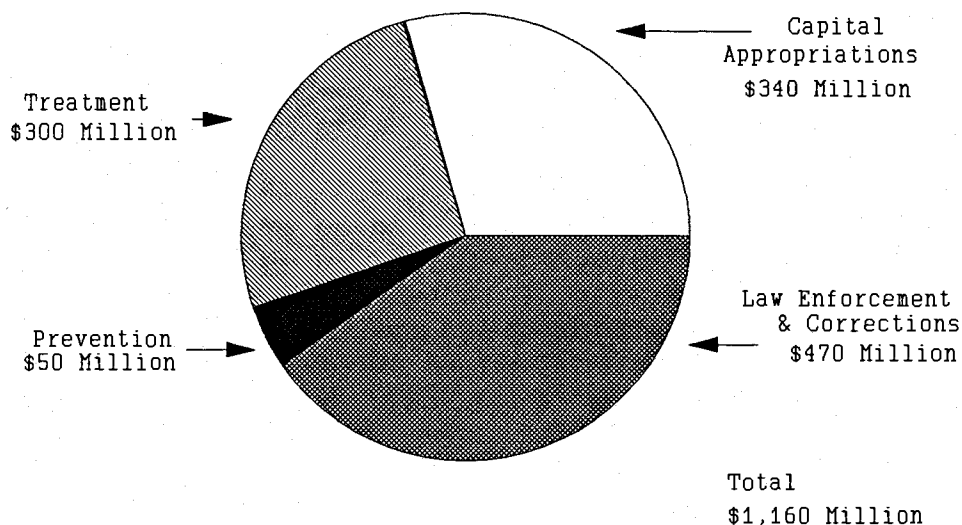
The proponents of decriminalization delude themselves. They say that making drugs cheaper and more accessible would reduce crime and addiction. Common sense tells us otherwise. Legalization would increase drug use and lead to the destruction of more individuals, more families, more communities. New York will not follow that path.

But it is not difficult to understand why some rush to abandon the fight to save lives from addiction. It will be neither easy nor inexpensive.

I proposed last year a broad and ambitious program of initiatives to strengthen our drug laws and enhance their enforcement, to provide treatment on demand to persons addicted to drugs and to bring preventive education to our schools and workplaces. We had major successes, outlawing drug paraphernalia, increasing the financial penalties for drug crimes, expanding our drug treatment capacity and authorizing the construction of new correction facilities that will serve drug-dependent inmates. Perhaps the best news of all is the recent New York State Psychiatric Institute study that shows a dramatic decline in the number of secondary school students in our state using drugs. Our efforts are already beginning to pay off.

Past funding for programs to combat drug and alcohol abuse -- more than \$1 billion in 1989 -- is tangible evidence of my concern.

New York State Anti-Drug and Alcohol Abuse Funding: 1989



My commitment remains firm. My belief that drug abuse is our number one problem is stronger than ever.

In addition to our direct anti-drug abuse efforts last year, we committed ourselves to a thorough analysis of the problem which would, in turn, serve as a basis to guide the long-term development of our anti-drug strategy. To conduct that analysis, I created the Anti-Drug Abuse Council (ADAC), headed by Lieutenant Governor Stan Lundine. Under his able leadership, every facet of the problem was examined, every strategy that offered any hope of an inroad against the proliferation of drugs in our society was explored.

The ADAC strategy report confirms the soundness of our policy of attacking the problem simultaneously on three fronts: prevention, treatment and enforcement.

The report makes it clear that a major investment is needed, an investment of money, people and years of work. We must increase treatment capacity. We must do basic research on the chemistry of addiction. We must address systemic problems such as shortages of qualified treatment professionals and community resistance to locating programs. We also must improve the evaluation of our efforts to ensure that our enormous allocation of resources to the war against addiction is intelligently and effectively invested.

Prevention

The Council's research confirms what we have thought all along: effective prevention efforts must involve the whole community. The Community Demonstration Projects we announced in 1989 give us an opportunity to work with community leaders to identify what is most needed in the areas of law enforcement, prevention, drug and alcohol treatment and public health, and to develop a comprehensive system of services. I will propose special funds to help these communities fill the gaps they identify.

In addition to services, these projects provide a vehicle for communities to organize and fight back at the grassroots level. We cannot expect our children to choose healthy lifestyles unless we make clear that adults, especially community leaders, reject absolutely any notion that illicit use of drugs or abuse of alcohol is tolerable.

The vast majority of our communities are committed to propagating this message. Just as we need the help of their leaders from both public and private sectors, they need ours. Too often, concerned citizens are hampered in their efforts for lack of modest funds to train leaders or to purchase basic equipment and supplies. To ensure that more communities have the opportunity to organize against alcohol and drug abuse, I will continue the Comprehensive Community Prevention Program that we began last year. I will also recommend funds to enhance the activities of local Councils on Alcoholism, one of our most effective resources for community prevention activities.

Schools are at the heart of our prevention efforts. They touch the lives of all children and are often the hub of community activity. Expansion of the State Education Department's Community Schools Program that encourages local districts to keep their schools open after the close of the normal school day and offer a wide variety of supplemental educational, social

and recreational services will provide real alternatives to the violence and chaos that are too often typical of life on the street. We will also expand the Education Department's Drug Education Curriculum and Inservice Training Network, and require for the first time the utilization of the curriculum at the local level. Up to date training on use of this new curriculum will strengthen its impact.

We also need to expand our programs that deal with children who are at risk of using drugs or who may already be experimenting with alcohol and drugs. DSAS' school based prevention program has had success, and I am therefore recommending funds to expand this program so that more young people will benefit.

We are particularly encouraged by the prevention efforts of members of our law enforcement community. They have been at the forefront of the attempt to shape the attitudes of the next generation toward drugs and alcohol with three important programs -- the Drug Abuse Resistance Education (DARE) program, State Police Project LEARN (Law Enforcement Assistance Resource Network) and New York City's School Program to Educate and Control Drug Abuse (SPECDA). These initiatives help youngsters resist the pressure to experiment with drugs and alcohol. DARE in particular has gained great support among local officials and community service groups and has been growing rapidly. We applaud this activity and will encourage the continued expansion of these programs.

More counsellors, more training, more activities to engage young people -- all are important resources, but none will be fully effective unless each individual school has a clearly articulated policy demanding an alcohol- and drug-free environment for students and staff. Therefore, we will require that all future grants to schools for prevention be contingent upon development of such a policy.

The establishment of a drug free workplace is a key component of an overall prevention strategy. When employees with alcohol or drug problems are identified quickly and given appropriate treatment, they are helped and productivity is improved. The public, which often suffers the consequences of alcohol- and drug-related accidents, benefits as well.

New York must be a model employer in its efforts to establish a drug-free workplace. We will continue to rely on the State's comprehensive Employee Assistance Program (EAP) as our main weapon in addressing alcohol and drug abuse in the workplace. However, we must also recognize that expanded drug testing for certain job titles may reduce drug use. Thus, I am directing the Governor's Office of Employee Relations to chair a management committee that will review State positions entailing security, law enforcement and public safety duties for possible random and pre-employment drug testing. When the committee has identified any such positions, the respective employee organizations representing those positions will be provided with an opportunity for advice, and where appropriate, direct negotiations.

Treatment

Despite a drug and alcohol treatment system that is the largest in the world, many who are desperately seeking treatment must wait -- often for a long time -- before admission to a program or facility.

We must and we will embark on immediate and dramatic expansion of treatment capacity. Currently, nearly 100,000 individuals receive treatment on any given day through programs operated or funded by DSAS, DAAA and the criminal justice agencies. The Anti-Drug Abuse Council has recommended that we provide at least 15,000 more alcohol and drug treatment beds over the next five years, and expand outpatient treatment capacity by 20,000 over the next two years. I fully agree and will propose operating and capital funds to make these recommendations a reality.

A More Comprehensive Treatment System

While expansion of this magnitude is clearly needed, increasing capacity alone is not enough. We must change the way we think about providing treatment and develop new program models that meet the special needs of today's clients.

Today, many addicts abuse more than one drug. The AIDS epidemic has added a new dimension to the problem of treating drug addiction. Recent research indicates that in 1988, at least one of every two alcoholics enrolled in 26 out-patient treatment programs in New York City was also dependent on psychoactive substances. This fact means that the treatment of drug addiction is becoming even more complicated. It also demonstrates that treatment approaches must move beyond models that are limited to single categories of addiction.

We need to be more innovative and flexible as we expand our drug and alcohol treatment capacity. We must achieve a more comprehensive and patient-driven system of care. Thus, I am recommending the development of Community Drug Assessment and Treatment Systems (C-DATS) on a demonstration basis. At a single location, C-DATS would provide comprehensive drug and alcohol abuse treatment, as well as primary health care and direct linkage to human services. Moreover, C-DATS would serve as a catalyst for important changes in the present treatment system.

I am also directing the Department of Health to establish, administratively, an increased role for hospitals in the identification and treatment of drug and alcohol abusers.

Overcoming Barriers to Success

Significant capacity expansion will not be possible unless we eliminate some very real impediments. The difficulty of siting treatment facilities is one of the most serious obstacles we face. We must overcome community resistance to such facilities through a combination of education, incentives and political will that will induce local governments and neighborhoods to cooperate in this effort. We must also help programs that are willing and able to expand in the rapid identification and acquisition of drug treatment sites.

In order to help achieve a recommended expansion of 10,000 residential treatment beds in the next few years, the Anti-Drug Abuse Council has recommended the acquisition or construction of at least two treatment campuses designed to serve a total of 2,000 or more clients. The creation of these campuses could serve as a national model for the rapid

expansion of treatment capacity. We will ask the Federal government to make land available for this purpose, and will maximize the use of State land where needed.

As envisioned, the treatment campuses would be characterized by a community of treatment providers linked together by core services. An accompanying central intake system -
- badly needed to provide a gateway to treatment services and to place clients systematically -
- would ensure optimum matching of clients and services. Staff training would also be conducted, as well as research that evaluates the treatment being provided.

These campuses provide us with a unique opportunity to expand and improve our drug and alcohol treatment capacity, and I will recommend funding for them in my Budget. It is also important to have adequate aftercare available for people who have been in residential treatment. We will require all participating providers to have community discharge plans in place for their clients.

An equally important problem is an acute shortage of qualified professionals in the field. I propose establishment of a State funded formal education program to offer addiction treatment credentials, which would include a commitment to serve in publicly funded treatment programs for a minimum of two years. I will also direct my staff to work with public and independent sector institutions of higher education to increase course offerings in drug and alcohol abuse treatment.

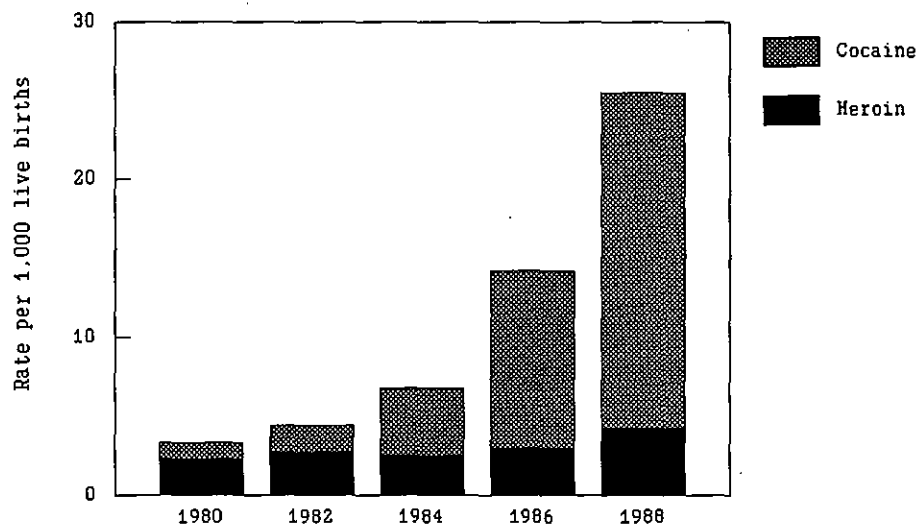
Programs for Pregnant Women and Mothers

In the past, drug addiction was a disproportionately male phenomenon. With the advent of crack, the picture has changed. The number of women addicted to crack is growing and there is an urgent need for specialized treatment programs for pregnant women and women with young children.

Pregnant women and mothers often have difficulty in participating in drug treatment programs because treatment programs came with little or no accommodation for mothers with dependent children. Unless a relative or friend would care for children, a mother had little choice but to refuse or delay needed treatment. The alternative was to risk losing custody of children. A few innovative programs, like Mabon in New York City, encourage mothers to bring their children with them, with great success. We need more of these programs, and they will be a high priority as we expand residential capacity.

While residential programs can work very well for young children, they may be too disruptive for older children. For many women, outpatient programs near their homes make more sense. I am directing DSAS and DAAA to include child care in new and existing outpatient programs where appropriate. In addition, I will urge providers to expand parent training in conjunction with drug and alcoholism treatment, and to provide outreach services to women who may be reluctant to take the initiative regarding treatment.

Maternal Drug Use During Pregnancy in New York City



Drug Treatment for Veterans

Many veterans participate in existing drug treatment programs and will continue to do so. However, for a substantial minority of Vietnam Era veterans, treatment may be inadequate and in short supply. The substance abusing veteran is likely to be somewhat older than the typical client in a residential program and, as a result, will usually have both different concerns and greater maturity. The typical one- to two-year treatment period may be unacceptable as well as unnecessary. Vietnam Era veterans may also suffer Post Traumatic Stress Disorder, which requires special attention. I am directing DSAS to develop at least one residential treatment program to meet the special needs of veterans.

Adolescents and Chemical Dependency

Drug and alcohol abuse continue to rob the State of one of its most precious resources -- its youth. Over 200,000 secondary school-age children abuse alcohol or drugs on a regular basis. These children are often multiple abusers who combine the use of alcohol and drugs. Although we are beginning to make some inroads in reducing drug experimentation through prevention, heavy usage of drugs among youth continues to be unacceptably common.

Recognizing this, DSAS and DAAA have for several years been working together to license residential chemical dependency programs for adolescents. These programs recognize the special needs of adolescents and are aimed at their development, behaviors and attitudes. Many young people have benefitted from these residential programs. For some young people, however, outpatient programs are needed. A good outpatient program may make it possible for the young person to stay at home and in school. It can also ensure a successful transition back to the community from a residential program.

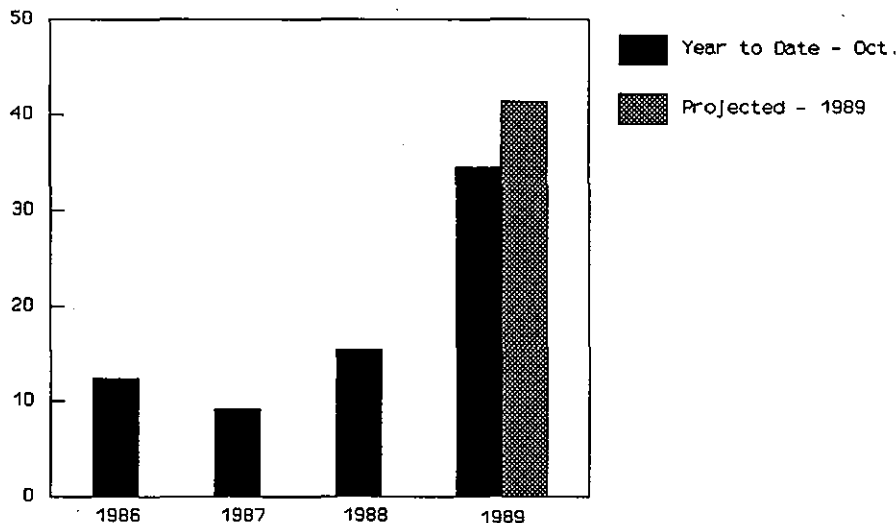
I am therefore directing the DSAS and DAAA to develop a new treatment model, an Outpatient Chemical Dependency for Youth Program. The program, to be jointly licensed by the two agencies, will serve adolescent abusers of both alcohol and drugs.

The Role of the Criminal Justice System

Revisions to Criminal Laws

On the recommendation of the Anti-Drug Abuse Council and with the full support of our law enforcement community, I will renew this year the major components of my anti-drug legislative program from last year. Comprehensive Assets Forfeiture legislation is at the top of my agenda. The power of that sanction was amply demonstrated last year, when State Police Superintendent Tom Constantine went down to Washington and collected some \$13 million in proceeds of criminal assets seized under federal forfeiture laws by the State Police. We must improve the effectiveness of our State Assets Forfeiture laws so that they will yield a similar return, and we must authorize the seizure of real property used to further drug use and trafficking. My proposal is carefully drawn to accomplish this end while protecting the rights of innocent tenants and landowners.

**NYSP Narcotics Enforcement Activity
Amount of Money Seized
(Millions of Dollars)**



I will also ask the Legislature to act upon the measures that I proposed last year: to eliminate the age restriction in laws banning the sale of controlled substances on or near school grounds; to criminalize the use of a minor to commit a controlled substance offense; to include commission or attempted commission of criminal sale of a controlled substance among the offenses upon which a charge of felony murder may be based; and to expand the

definition of murder in the first degree to include murder committed in the course of a drug transaction.

Sanctions

This year, in addition to these measures, I will propose a number of new initiatives that have been recommended by the Anti-Drug Abuse Council.

There are many privileges to which citizens are presumptively entitled. Among these is eligibility for a motor vehicle operator's license. People who abuse drugs and flout our laws hazard everyone's safety. Nowhere is the menace more acute than on our highways, where drug abuse is implicated in an increasing percentage of accidents. I will propose legislation that would make conviction of a drug sale, possession or use offense cause for revocation of a defendant's motor vehicle operator's license. Further, minors adjudicated guilty of such a drug- or alcohol-related offense will be eligible for a license only upon satisfactory completion of an appropriate treatment program.

First-time offenders have long been considered the candidates most likely to be rehabilitated if given a second chance under court supervision. Compulsory treatment can effectively meet the needs of an abusing first offender, while providing a mechanism to monitor his or her progress. I propose greater use of a range of sanctions for drug offenders charged with drug possession offenses, including placement in compulsory treatment programs, offender fees conditioned on ability to pay, expanded use of fines and compulsory community service for less dangerous offenders.

Forensic Services

Every drug seizure requires the chemical analysis of the substances seized to determine their composition. The volume of work that has been imposed upon our crime labs has led to delays and backlogs in the processing of such evidence and has detracted from their ability to support other routine criminal investigations. Furthermore, the necessity that each separate package of any quantity of drugs seized be separately analyzed multiplies the number of tests that must be run in any single investigation.

To ameliorate these problems, I will propose legislation that would create a rebuttable presumption in favor of the admissibility of field test results on quantities of controlled substances. The presumption could be overcome by evidence that field test standards and procedures were not met. In addition, I will propose legislation authorizing random sampling of drug evidence, rather than requiring investigators to test the entirety of any quantity of drugs seized. This legislation would permit the scientific identification of drugs for evidentiary purposes by analysis of a random sampling of the entire quantity. These initiatives would have a dramatic impact on the workload of forensic laboratories and speed the processing of evidence in drug investigations.

Money Laundering Initiatives

The drug trade thrives in a tangled web of complicity involving financial institutions that range from the most respected banks and brokerage houses to storefront check-cashing firms. They provide the means of laundering or concealing the criminal origins of money and property, making them indispensable to drug dealers. If some of these institutions did not help launder drug profits, there would be no way that the traffickers could enjoy their criminal gain. We must expose and stop those financial institutions involved in this underground economy.

To this end, I created by Executive Order a Crime Proceeds Strike Force to identify the means and channels for laundering criminal proceeds, to disrupt such operations and to seize the involved assets. Now, to enhance the ability of the Strike Force to carry out its mandate, I will propose legislation that would curb the practice of avoiding currency transaction reporting requirements by making multiple deposits to the same account at different branches of the same bank. In conjunction with the Attorney General, I will propose legislation to further strengthen existing State money laundering laws, especially as they apply to unlicensed and unregulated transmitters of currency. This bill will criminalize the transmission of large sums without compliance with federally mandated reporting requirements and increase the penalty for unlicensed transmission to felony grade.

I will also propose bills that would require money transmitters and banking license applicants to be fingerprinted and to post bond in amounts based on the value of their business rather than the fixed bond required under current law. In addition, to enhance our ability to eradicate money laundering, I propose to confer peace officer status on employees of the Banking Department's Special Investigations Division, strengthening the Department's enforcement and investigative authority.

Enforcement and Prosecution

Our State and local law enforcement agencies have forged unprecedented ties of cooperation and collaboration in drug interdiction efforts with stunning results. We will continue State support and encouragement for these efforts and expand, where we can, with resources that we expect under the new federal drug legislation. Further resources will be made directly available to our law enforcement agencies if you act swiftly on my Assets Forfeiture proposal. We will also pursue new strategies stimulate efforts to recapture State revenues lost through criminal avoidance of our tax laws.

This year, we will expand the overall planning role of our Statewide Drug Enforcement Task Force. I will direct the Task Force to develop a master plan for expanded statewide action by State, federal and local agencies to disrupt importation and distribution of drugs.

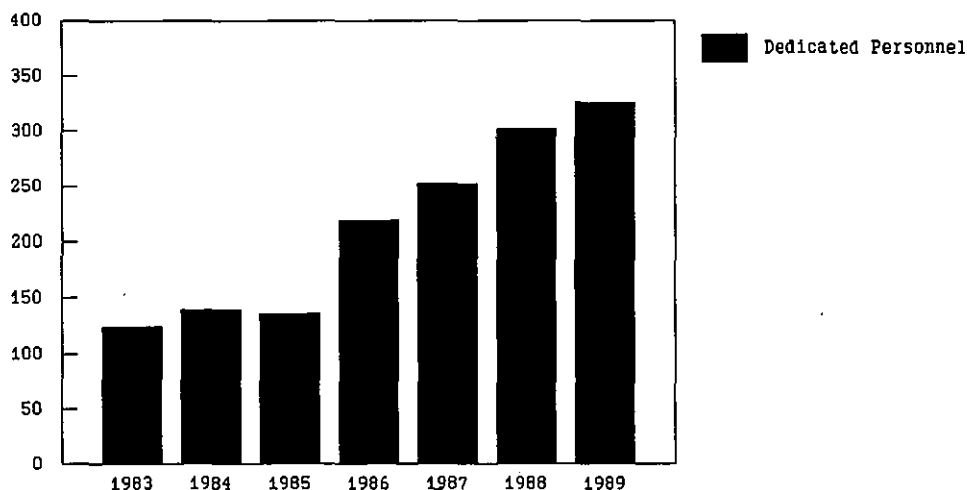
The Organized Crime Task Force will broaden its involvement in the investigation and prosecution of complex and multi-jurisdictional drug cases, concentrating as before on mid- and upper-level drug trafficking enterprises. This year, the Task Force will add two additional investigative units and a new research unit to coordinate intelligence gathering and sharing.

In New York City, the Special Narcotics Prosecutor has vigorously pursued his mandate to investigate and prosecute major trafficking and importation cases that cross the jurisdictional boundaries of the five district attorneys' offices in the City. Those efforts, however, have been hampered by insufficient resources. In the year ahead, we will take important steps to make this office the nation's premier high-level drug prosecution agency. We will also ask it to expand its mission by developing a training and technical assistance capability to serve police and prosecutors throughout the state.

I am especially proud of our regional Drug Enforcement Task Forces. In no area has the new spirit of interagency cooperation in law enforcement been more evident and more effective. The Central New York and Capital District Task Forces have performed superbly in disrupting major regional drug trafficking networks. The Task Force recently launched in the Mid-Hudson Valley region promises similar results in a region that has been especially hard-hit by the flow of drug traffic up and down the Hudson. As additional resources become available, we will work with local law enforcement officials to establish additional Task Forces.

The past seven years have seen an historic coming of age of one of the nation's preeminent law enforcement agencies -- the New York State Police, under the vigorous and imaginative leadership first of Donald Chesworth and now of Superintendent Thomas Constantine. Today, our troop strength is at an all time high of 4,000, making possible vastly expanded direct State drug enforcement efforts. Over 350 State Police personnel are assigned full-time to investigate and arrest narcotics traffickers. State Police assist and reinforce local law enforcement agencies in hundreds of narcotics investigations every year. Our investigators participate in numerous regional drug enforcement task forces and account for the largest commitment of personnel by a single agency to the New York City Region Task Force. We have also initiated a major effort involving the uniform force to interdict the transportation of narcotics on all major interstate highways.

**Narcotics Enforcement
NYSP Dedicated Personnel**



Our State Police will continue in all of these efforts and this year move in yet another new direction in drug enforcement. We will create four State Police regional Community Narcotics Response Teams to provide technical assistance and personnel to Western, Central and Southern Tier, Capital District and Hudson Valley municipalities that are experiencing heavy drug-related criminal activity. Modeled on the Tactical Narcotics Teams that have been so effective in New York City, these teams will provide communities with the same intensive street-level enforcement that has swept so forcefully through targeted sections of the City.

The spirit of cooperation has brought tremendous vigor and creativity in law enforcement training. An important collaboration between the State Police, the Division of Criminal Justice Services and the Nassau County Police Department, for example, has led to the initiation of the innovative Drug Impaired Driver Recognition Expert program, a program that will continue to expand this year. In another major training initiative, the Division of Criminal Justice Services and the Division of State Police will coordinate the development and delivery of training programs for local law enforcement agencies in a broader array of drug law enforcement techniques, including forfeiture, financial investigations, highway interdiction, canine detection, aerial surveillance and clandestine laboratory investigations.

In yet another collaborative effort, the Division of Substance Abuse Services will begin to share with the Division of Criminal Justice Services information on emerging trends in drug use in metropolitan areas. DCJS will consolidate this intelligence and pass it on to our municipal police agencies and drug enforcement task forces.

Corrections and Community Supervision

Drug dependent offenders pose an increased risk of recidivism and violation of probation and parole. Yet, with proper treatment and community support services, they stand a good chance of overcoming addiction and succeeding in the community. New York has recognized that a truly humane and effective corrections policy requires that offenders with substance and alcohol dependency be provided with appropriate treatment.

We will enhance local community supervision programs by directing our State agencies to assist localities in designing programs, specialized caseloads, drug and alcohol abuse services and other enhanced programming.

I regard the operation of a motor vehicle by a person who is impaired by alcohol or drugs to be a serious crime. Its perpetrators should be made to pay a heavy price for endangering innocent lives. To ensure that an appropriate sanction is imposed, I will propose legislation that would authorize a regional probation pilot program for DWI misdemeanants identified prior to sentencing to be sentenced to a term of probation subject to the condition that the probationer enter into a residential facility providing an appropriate rehabilitation regimen in an intensive treatment setting, followed by a year-long period of aftercare under strict probation supervision.

Relapse prevention is a major concern of both the Division of Parole and the Division of Probation and Correctional Alternatives. This year, we will pursue several initiatives designed to reduce the risk of parole or probation violation. We will propose an initiative

that would encourage parole and probation officers to direct their charges into an array of enhanced alcohol and drug abuse treatment services. For those offenders with a history of drug abuse, the Division of Parole and the Division of Probation and Correctional Alternatives will implement an ambitious testing program to ensure that persons under supervision remain drug-free.

Crack remains the most insidious addictive substance we have yet encountered. We must intensify our efforts to find still more effective treatment. To this end, our criminal justice agencies will cooperate with the Division of Substance Abuse Services in evaluating treatment modalities that have shown promise in dealing with crack addiction.

To maximize the productivity of existing drug treatment programs for offenders and DFY clients who are substance abusers, our criminal justice information systems task force, SIFECs, will collaborate with the Division of Substance Abuse Services to adapt information technology to place offenders and clients more efficiently.

Incarcerated offenders who are drug and alcohol dependent must be served as well. In the State correctional system, we will build upon the expansion of facilities for substance abusing offenders by effecting a major expansion of alcohol and substance abuse programming for inmates.



CRIMINAL JUSTICE INITIATIVES

Law Enforcement

I assumed the stewardship of our criminal justice system seven years ago. I did so wanting to make a difference. I wanted the system to run well and efficiently, of course. I demonstrated in one of my first official acts -- the creation and appointment of a Director of Criminal Justice to bring new coordination and coherence to the development and management of our criminal justice system -- the high priority I place on this foremost responsibility of government.

We have continued to act on that priority, enhancing criminal justice revenue collection and implementing new efficiencies like Intensive Supervision, Differential Supervision and Shock Incarceration. At the same time, we have made the necessary expansion in our criminal justice infrastructure by nearly doubling prison capacity, increasing State Police strength and investing in communications and information technologies that will bring our State and local criminal justice agencies into the Twenty-first Century. And we have continued to pursue a policy of imagination and innovation -- creating, for example, new correctional community supervision modalities for treating drug- and alcohol-dependent offenders, a Law Enforcement Accreditation Program and a new system of PINS diversion.

Our law enforcement response to crime must answer the immediate concerns of citizens. People are entitled to know that their police and prosecutors are concentrating on the offenses and offenders that cause them the greatest concern. Today, that means street crime -- crimes of violence against persons and property -- much of it, though not all, the product of the drug epidemic. Homicide, assault, sexual offenses, robbery -- these are public acts of violence that terrify people and have the cumulative capacity to destroy communities.

These crimes and their consequences anger us deeply and righteously. They merit the sternest possible response from our criminal justice system. Our laws must provide that response. I will, accordingly, again call upon the Legislature to enact the ultimate sentence of life imprisonment with no chance of parole. For years, you have refused even to consider this real and effective penalty, while a majority of you -- but not enough to retain death as a sentence -- preferred to ask for an illusory response to murder, instead of legislating a real one.

Throughout the nation, the phenomenon of youth gangs is on the rise. Gangs are not yet as entrenched a part of the underworld here in New York as they are elsewhere in the country. Nonetheless, within a few blocks of the Capitol, you can observe the graffiti, the running shoes hanging from trees -- the territorial indicators that are a certain sign of gang activity and precursors of gang-related violence to follow. We will not wait until this phenomenon emerges full-blown in our communities. To develop a strategy to cope with the spread of gang involvement, the Division for Youth has established a statewide task force on youth gangs. The task force, which includes representatives of youth programs, law enforcement personnel, prosecutors, educators and citizens' groups, will develop policies and recommendations responding to the rise of gang involvement among young people.

There is another class of criminal offender who does not seek the society of a gang. This is the violent predator -- typically young and prone to commit a large number of violent crimes -- individuals who have a disproportionate impact on overall statistics of violent crime. In New York City, their crimes have increased 23% since 1983. They may have been arrested many times but not effectively prosecuted. In many cases, they have so thoroughly intimidated potential witnesses in their communities that they can prey on their neighbors with impunity. To deal effectively with violent predators requires the targeted commitment of prosecutorial and investigative resources. The New York County Violent Predator Task Force has compiled a record of significant success in targeting violent predators for prosecution. I propose the continuation of this program.

I renew my call for an end to the proliferation of assault weapons. These guns have no legitimate sporting or recreational purpose. As the weapons of choice among drug traffickers, organized crime and youth gangs, they are a menace to law enforcement officers and the public alike. My proposal respects the rights of law abiding sports enthusiasts and would establish controls modeled upon our landmark Handgun Control Act of 1980. I will also recommend initiatives to address the continuing proliferation of machine-guns and the appearance on the street of electronic stun guns.

Rape and Sexual Assault

Rape and sexual assault are violent, life threatening crimes. Yet only a fraction of these offenses are reported to law enforcement officials. Cultural attitudes towards women in our society, stigma and myths about rape and sexual assault, and erroneous stereotypical attitudes about both victims and sex offenders combine to create a powerful disincentive for victims to report these crimes, which in turn reduces the effectiveness of existing laws.

Any person can be a victim of rape or sexual assault. The overwhelming majority of victims, however, are women and children. Women, in particular, know how the fear and threat of rape and sexual assault can constrain their lives and affect their decisions about where to live, where to work and how to travel.

All victims suffer severe physical and emotional trauma, and their unique trauma is often exacerbated by the way society responds to the victim. We must recognize and respond to rape and sexual assault as dehumanizing acts of violence. Viewing these crimes as anything else absolves the violator and condemns the violated. To improve society's response to victims' needs through support services, law enforcement and public education, last July, I issued an executive order that established the Task Force on Rape and Sexual Assault. Under the direction of Judith Avner, Director of the Division of Women, the Task Force has undertaken a comprehensive study of the crimes of rape and sexual assault.

The Task Force already has accomplished a great deal in a short period of time. I am reviewing its preliminary recommendations, and I look forward to receiving its full report in March. However, a number of steps can be taken now. Most importantly, societal attitudes that contribute to the understatement or trivialization of the seriousness of sexual violence must be changed. In an effort to do so, we will develop a statewide public education campaign

to educate children and adults that rape and sexual assault are violent crimes. I will call upon the private sector, including the media and advertising industries, to assist in the development of this campaign.

This year we will encourage the establishment of a broader array of services and local programs to assist victims of rape and sexual assault, particularly in unserved areas of the state.

In the investigation and prosecution of these crimes, the collection and preservation of physical evidence is critical. While we have designed a standardized rape evidence collection kit, the kits have not been as widely available as they should be. To address this problem, I propose legislation which would authorize the Division of State Police to contract with OMRDD for the assemblage of the kits in OMRDD's sheltered workshops.

The Task Force has underscored the necessity for standard hospital protocols which address the needs of adult and child victims of rape and sexual assault and the collection and preservation of evidence. At my direction, the Department of Health will soon complete the development and implementation of such protocols. I will also propose legislation that will make confidential communications between rape crisis counselors and victims of rape and sexual assault legally privileged communications. This proposal will also mandate that the Department of Health develop minimum training standards for the staff of rape crisis programs.

I will further direct the Department of Health, working with the Task Force, to develop a standardized policy regarding HIV infection/AIDS and victims of rape and sexual assault. Our goal will be to ensure that information on anonymous and confidential testing options, as well as testing and counseling services themselves, are readily available to victims of rape and sexual assault and responsive to their needs.

With a significant level of cooperation on their part, we have taken important steps toward sensitizing police, prosecutors and the courts on ways to respond appropriately to victims of rape and sexual assault. We must, however, continue and expand upon these important efforts. I direct the State's criminal justice and human service agencies to develop training curricula on rape and sexual assault issues for personnel who may, in the course of their work, come in contact with victims of rape and sexual assault.

In light of the high recidivism rate of convicted sex offenders, I will also propose the creation of an intensive Division of Parole treatment program for paroled sex offenders.

DNA Technology

In the opinion of many, DNA analysis is the most promising new resource in criminal investigations since fingerprint identification became generally accepted. By comparing unique identifying characteristics of the fundamental genetic material of human cells, an analysis of body fluids left at the scene of a crime of violence can conclusively tie a suspect to the scene. Such evidence is completely objective and is as convincing to the jury as if it had gone back in time to confront the perpetrator on the spot. Its value in the investigation of rapes, sexual offenses, assaults and homicides is obvious.

Last year, John Poklemba, the Director of Criminal Justice, convened a panel of experts representing law enforcement, the scientific community, prosecution and defense to examine the potential of DNA analysis and to recommend ways in which to maximize its value to the criminal justice system. The panel made many useful recommendations, some of which I now propose as program initiatives.

This year we will establish Advisory and Scientific Review Boards to provide oversight for the process of qualifying the State's forensic laboratories and personnel in the use of DNA analysis techniques. In addition, because of its tremendous potential in the investigation of sexual offenses, we will initiate the first stages of the design of a data bank to house DNA identification data on convicted sex offenders. These proposals will provide appropriate protections for the confidentiality of cataloged data.

Bias Crime and Human Rights

Incidents of the past year have underscored the persistence of hatred in our society. I will continue in my effort to realize the full instructive potential of our penal law and criminal process to express society's utter rejection of bias. We will also continue our efforts to enroll and train all law enforcement agencies in the State's bias crime reporting system. At the end of 1989, we had reached some 20% of them. Our goal this year will be full participation. The Division of State Police will also continue to train its officers in the techniques of bias crime investigation and to cooperate with the Division of Criminal Justice Services in the collection of data on hate crimes.

Victims of discrimination who might once have turned to the federal government, increasingly find that avenue of relief closed. Washington's attitude shifts more of the responsibility to the states.

New York accepts and embraces this responsibility. We consider it, in fact, an opportunity. New York's history of leadership in promoting human rights has made it a model for other states. The Empire State will continue in the forefront of this area, as we accept the challenge of the 1990's. In the year ahead, we will increase the number of investigators at the State Division of Human Rights in order to continue to improve the Division's productivity and reduce existing backlogs. We can and will send a message that discrimination will not be tolerated by the people of this great state.

Flag Destruction

This past summer, many citizens reacted with understandable concern to the United States Supreme Court's decision that burning the American flag was a protected form of political speech. I was among them. At the time, I submitted to the Legislature a bill -- carefully researched and drafted to respect constitutionally protected freedom of expression -- to prohibit the destruction of our Nation's cherished emblem. I did so because I believed that it was unnecessary and unwise to amend the Constitution to accomplish that objective. The United States Congress has now passed legislation very similar to the bill I proposed. President Bush allowed it to become law without his signature. My original proposal has been

amended to conform to the new federal law. I urge the Legislature to act quickly on the bill -- and I will certainly sign it.

Individuals with Mental Illness or Emotional Disabilities

Violence on our streets can occur even without criminal motive. Witness the unfortunate and inexplicable violence that has too often ended a confrontation between law enforcement officers and persons who are emotionally disturbed or who have a mental illness. We have come a long way toward preventing these incidents. In an important cooperative effort, the Office of Mental Health and the Division of Criminal Justice Services brought together law enforcement and mental health professionals to develop a training program that is available to all new municipal police recruits. This year, we will build upon this accomplishment by developing standardized police training for handling emotionally disturbed persons in police lock-ups where the potential for suicide and serious injury exists.

New Law Enforcement Strategies

Our police and prosecutors are beginning to visualize and design imaginative new approaches to community security that offer encouragement for the future. This new thinking envisions a law enforcement response that goes beyond the traditional patrol and investigative functions. Its proponents imagine our criminal justice agencies in a new role -- the role of patiently fostering a close relationship with the community by working with people to mitigate conflict and to reinforce the underlying structures of community. They see criminal justice agencies collaborating closely with community organizations, other agencies of government and with the private sector to develop solutions to the problems that lead to opportunistic crime and the decay of communities. These new law enforcement concepts are variously known as Community Policing or Problem Oriented Policing. We see much promise in these ideas and will begin to foster their development with several initiatives.

The Division of Criminal Justice Services will hold an important training conference focusing on Community Policing and Problem Oriented Policing. This will provide an opportunity to stimulate discussion of these concepts among State and local law enforcement officials responsible for municipal police training. If response is favorable -- and we expect that it will be -- the Municipal Police Training Council will begin the work of developing a curriculum designed to train community police officers.

We believe that these concepts can be adapted to broader law enforcement purposes as well. Specifically, the Division of State Police will begin to evaluate the compatibility of the Problem Oriented Policing concept with its mission. If useful applications are found to be feasible, our State Police would be among the first state police agencies in the nation to adapt the problem oriented concept to statewide law enforcement.

The State Police will also assist the Indian Nations within our borders to take a fresh look at strategies for meeting their public security needs. At the request of tribal governments, the Division will initiate a Native American Police Resources Study to evaluate the feasibility of utilizing Native American law enforcement organizations to provide local public security services on individual reservations.

Our Law Enforcement Accreditation Program will soon accredit its first successful participants. This voluntary program is designed to raise the standards of all law enforcement agencies within the State. We are proud to have the first such program in the nation, and we are gratified that so many of our police agencies are willing to participate.

To build upon this accomplishment, this year, again with the assistance of State and local law enforcement officials and employers, we will undertake a review of State laws relating to the training and qualification of law enforcement officers, with the goal of consolidation and clarification of these provisions.

New York City Action Agenda

Last year, I proposed a comprehensive program of initiatives to bolster State and City response to the drug and related crime problems of the City of New York. This is my New York City Action Agenda. We achieved a number of these initiatives, but several important priorities remain. We will place the early implementation of outstanding Action Agenda initiatives among our highest priorities this year.

Our top priority must continue to be to help the City identify and obtain the resources necessary to bring its workforce in police, prosecution and defense, community supervision and corrections up to the levels necessary to achieve the goals of the Action Agenda.

We must also continue in our efforts to meet New York City's urgent need for additional judicial personnel. Last year, although we allocated funding for needed judgeships, they were not authorized. We will renew our efforts to authorize additional judgeships, both for New York City and statewide. Reaching the necessary level of judicial offices remains a matter of high priority in our overall criminal justice planning. For the City, we will also continue to work toward achieving additional efficiency by extending courtroom hours beyond those currently in effect so that both new and existing judges may process more cases.

We can achieve even further efficiency in the use of judicial resources by enacting legislation that would build upon the procedures authorized under the Speedy Trial Act. My proposal would place stricter time limits on case processing, requiring judges to take an active role in expeditiously moving cases through to final disposition and providing them with authority to sanction unreasonable delay.

Criminal Alcohol Abuse

In terms of its tragic consequences for innocent pedestrians and motorists, the criminally culpable conduct of the alcohol- or drug-impaired motorist does not differ in any material way from the random and senselessly violent character of other forms of serious crime. This conduct is a widespread threat to the peace and safety of our communities and will continue to be treated as such. Through strict enforcement of speed limit and DWI laws, we have significantly reduced the number of fatal traffic accidents on our streets and highways. We will continue such successful programs as the State Police STEP and Speed Saturation Enforcement initiatives. Both State Police and Division of Criminal Justice Services highway safety programs

that train police officers to recognize the symptoms of drug and alcohol impairment will continue, with more State and municipal police officers being trained and certified.

C.O.P.S. II

Last year, in recognition and appreciation for services of our police officers, I proposed a series of initiatives benefitting police officers and the survivors of officers killed in the line of duty. We called this the C.O.P.S. Program -- Care for Our Police and Survivors. This year, I propose four additional initiatives to benefit the law enforcement officers who serve and protect us so well, and their survivors.

In 1988, 10 of the 13 New York City police officers who died violently died by their own hand. This is a sad and disturbing statistic. This year, we will support the efforts of the New York City Police Foundation, the New York City Police Department, the Office of Mental Health and the Division of Criminal Justice Services to obtain funding to support a police suicide prevention initiative. Under this proposal, a standardized training program will be developed to help police officers understand and cope with job-induced stress. In a related initiative, the Division of Criminal Justice Services and the Division of Alcoholism and Alcohol Abuse will develop and publish a reference guide for police executives to help them recognize the signs of self-destructive behavior on the part of police officers.

To enhance the physical protection of our police officers, we will begin this year to reimburse municipalities for the cost of replacing worn police body armor vests supplied under our Soft Body Armor Reimbursement Program.

Last year, we made the survivors of police officers feloniously slain in the line of duty eligible for an award of funeral expenses by the Crime Victims Board. This year, we will expand the relief that the Board may provide through legislation making the survivors of slain police officers eligible for reimbursement of expenses related to counseling and related services.

Prosecution and Defense

In another effort targeting the problem of street crime, our Aid to Prosecution initiative, which provides local assistance to district attorneys' offices, will focus this year on encouraging the development of specialists in the investigation and prosecution of the perpetrators of street crimes such as career criminals, violent offenders and members of youth gangs.

State prosecution agencies, such as the Special Narcotics Prosecutor, the State Commission of Investigation and the Organized Crime Task Force (OCTF), have been performing admirably. In view of its significant performance and continued utility, I propose that the Commission of Investigation again be extended. The OCTF has made an especially valuable contribution through its efforts to train county prosecutors in the intricacies of the Organized Crime Control Act. These efforts will continue this year.

I am pleased, as well, with the strong performance of the Construction Industry Strike Force, in which OCTF cooperates with the Manhattan District Attorney's Office in the

investigation and prosecution of corruption and racketeering in the industry. This initiative will also continue. At my direction, OCTF recently completed a review of corruption in the industry. Ronald Goldstock's report is evenhanded in its analysis, recognizing both corporate and labor racketeering and proposing strategies for controlling both. I will shortly make public the recommendations of this report and urge that the State and the City of New York act upon them.

One agency that has performed superbly over the course of its lifespan is the Office of the Special Prosecutor for Corruption in the Criminal Justice System of the City of New York. This office was created to address an extraordinary situation. That situation was one of rampant and endemic corruption within City government and law enforcement agencies. At that time, an attempt by local district attorneys to prosecute wrongdoing on such a scale and of such a character, relying on agents of the very agencies that they were investigating, would have strained public confidence.

Today, years of vigorous investigation and prosecution, sweeping reform and the considerable enhancement of the resources and capabilities of the district attorneys' offices have changed this picture dramatically. The compelling need that once justified superseding local prosecutorial authority has abated. Accordingly, I propose that we disband the Office of the Corruption Prosecutor and transfer its current staff, caseload and resources to our anti-drug enforcement effort and to the appropriate district attorneys' offices.

For the public defense sector this year, I propose the establishment of a pilot program to determine the efficacy of providing defense services in the form of team representation. Under this proposed model, a client's needs would be served by a defense team that includes defense attorneys, paralegals and other professionals. This would allow case preparation to begin earlier, leading to faster dispositions and reduced pretrial detention time.

Infrastructure

Our law enforcement and prosecution efforts have been increasingly supported by our installation of an ever more sophisticated statewide criminal justice infrastructure. This is a complex of information and communications systems, such as our Mobile Radio District program, the State Police VICAP and HALT programs and SAFIS, our Automated Fingerprint Identification System, training resources like the Col. Henry G. Williams Homicide Investigation Seminar, and forensic laboratory facilities and services.

To ensure that local law enforcement agencies are provided with meaningful access to advanced investigative capabilities, we will develop appropriate training. Our first step will be a basic police investigator training program. It will be designed by a group of distinguished criminal investigators empaneled by the Division of Criminal Justice Services. This panel and the basic investigator program will provide the foundation for the future development of a variety of training initiatives needed to make such sophisticated investigative resources as DNA analysis and SAFIS accessible to local agencies. After these curricula are approved by the Municipal Police Training Council, we will have in place a means of certifying investigators and evidence technicians as qualified in such techniques.

Our Statewide Automated Fingerprint Identification System, SAFIS, will come on-line this year, and we will begin to explore new applications of that system. Other information systems improvements to enhance the productivity of the courts and criminal justice agencies will be pursued as well.

There have been several fiscally valuable byproducts of the work of our Information Systems Task Force. Among these is the profit we are realizing from the sale to other states of software that we have designed for agencies of the State criminal justice system. We have also enhanced the collection of surcharges on criminal and Vehicle and Traffic Law penalties through a combination of legislation, automation and agency reorganization at the Division of Criminal Justice Services. These and other special revenues support the operation of our automation, criminal history and law enforcement training programs, including cost-effective video training programs.

Last year, we won a major victory in the United States Supreme Court protecting the security and integrity of our criminal records and the privacy of individuals whose records we maintain. This year, we will take another major step toward responsible record-keeping by entering into a cooperative effort between the Division of Criminal Justice Services and the Office of Court Administration to enhance the timeliness and accuracy of criminal histories through automation.

Community Supervision

Over the past seven years, we have vastly expanded the role of community supervision -- probation, alternative punishment and parole -- in managing our swelling jail and prison populations. The vigorous law enforcement efforts that we have undertaken in our war against drugs would never have been possible without these options for placing offenders. During the same seven years, we have implemented important new supervision strategies that have allowed us responsibly to commit to community supervision persons who would otherwise have been poor risks. Intensive Supervision, Alternative Punishment, Parole Differential Supervision and Parole Transitional Facilities programs have all contributed immeasurably to our success in supporting street-level law enforcement efforts and containing State and local overcrowding. We have much to be proud of.

This year, we will continue to enhance the role of community supervision in our criminal justice planning. We will restructure the Intensive Supervision Program. Under the restructuring, participation will be limited to felony offenders, felony conditional release cases and felony probation violators.

I will propose that we extend the sunset provision of the Classification/ Alternatives to Incarceration Law for two more years and continue to link local jail housing classification with alternative to incarceration service programming and funding. Both of these programs have performed well.

Parolees who are HIV positive or who have AIDS pose an intractable problem for our community supervision agencies, especially the Division of Parole. This year, we will propose an initiative to meet their community support needs. It would include improved discharge

planning, access to community care, service and assistance programs, work with families and staff development and education.

Victims of Street Crime

Victims must be the focus of our sense of justice. Their outrage, their suffering, their cry for justice can never be unheard or forgotten. Our human concern for their suffering infuses dignity and humanity into a criminal justice system that would otherwise be impersonal and mechanical.

Over the past seven years, we have steadily expanded victim eligibility for compensation and services provided by the Crime Victims Board. We have passed affirmative laws that are intended to sensitize police, prosecutors and court personnel to the needs and rights of crime victims. We have expanded the rights of victims to participate substantively in the prosecution and sentencing of the criminals who have wronged them. I regard these accomplishments with particular satisfaction and you should, too. They are our contribution toward humanizing our system of justice.

This year, we will continue to sharpen the focus of our criminal justice policy on the needs of the victim by restructuring the administration of the Crime Victims Board to bring about more efficient day-to-day administration.

To benefit victims of domestic violence and to conform State law to federal Victims of Crime Act guidelines, we will propose legislation that will remove from existing law certain criteria that victims of domestic violence must meet in order to be eligible for crime victims' relief. Our law's criteria defining domestic violence are more restrictive than those mandated by the federal law, which requires that state eligibility requirements must offer relief to such victims without regard to the familial relationship of the offender and the victim or to the fact that they share a residence.

Local Corrections

I continue to give the highest priority to helping local correctional systems cope with their overcrowding. I will again this year propose legislation that would authorize regional correctional facilities to enable local governments to pool and maximize resources to address overcrowding and correctional program needs.

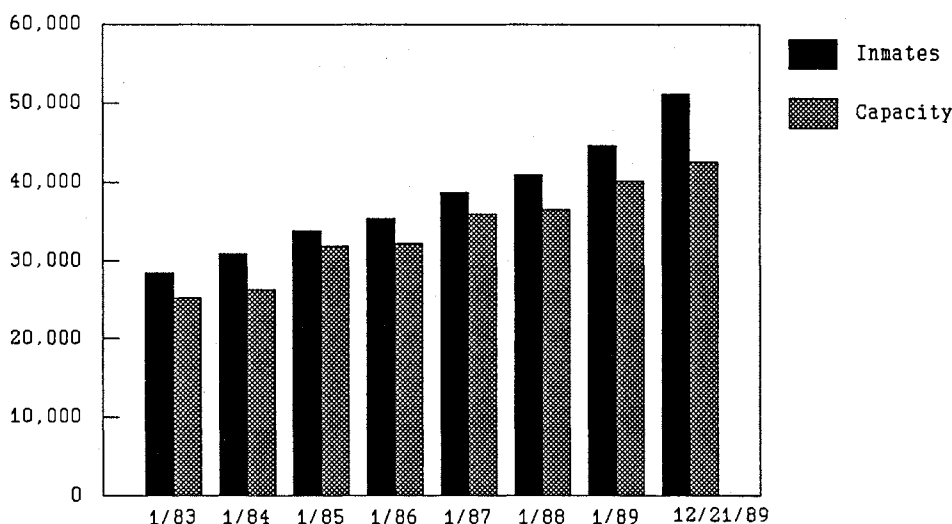
Looking to the future, I believe that with effort and cooperation, we can agree upon a comprehensive Community Corrections initiative. To help lay the groundwork for reaching consensus on this important objective, I propose a Task Force on the Future of Local Community Corrections. I will also propose legislation to establish a program by which local facilities through voluntary participation may receive Commission of Correction accreditation by meeting a set of objective standards.

State Corrections

Expansion of State prison capacity has been the linchpin upon which all of our other law enforcement efforts have depended. All our efforts in crime prevention, investigation, arrest, trial and sentencing rely upon the ultimate deterrent, restraining and rehabilitative capacities of our prison system.

In seven years, we have almost doubled our prison capacity. We have added staff and expanded inmate programming. We have created new corrections strategies like Shock Incarceration, an initiative that, by employing intensive discipline, education, drug and alcohol treatment and counseling programs, has enabled us to process significant numbers of selected offenders through the corrections system faster and more cost-effectively.

Department of Correctional Services
Inmate Census and Facility Design Capacity
January 1, 1983 Through December 21, 1989



Now we face what may be our greatest challenge in corrections -- a health crisis of unprecedented proportions -- the AIDS epidemic. We need to provide a level and quality of care for inmates that will meet their medical needs within the secure confines of our correctional system. In view of the prevalence of HIV infection among the State inmates and the enormous cost of caring for those who are either asymptomatic and require medication or who have AIDS and require medical care, the focus of the Corrections budget will be on creating a unified and fully integrated health care delivery system. The major components will be aggressive treatment regimens for HIV positive inmates, development of regional correctional health facilities to structure more effectively and efficiently the provision of health care to the inmate population in general, and the creation of a separate health services budget within the Department.

In recognition of the performance and dedication of our correction officers, we will initiate an annual award for the Correction Officer of the Year. This award will serve as a token of our appreciation for those individuals who serve us by managing a difficult and often dangerous population of convicted offenders. We will recognize them for their courage in undertaking this work and performing so well. We will also recognize the special achievements of those who contribute in a noteworthy way to enhancing the rehabilitative mission of our correctional system.

Youth

Last year we began an intensive study of youth in the criminal justice system. Every aspect of that system is being reviewed and evaluated. Within a few months, our researchers will issue recommendations that will serve as a foundation for important policy initiatives in juvenile justice.

We will continue our work of building an infrastructure of support for youngsters and families -- programs and initiatives that help families stay together and programs that help youngsters develop positive values and the ability to resist peer pressure to engage in self-destructive and self-defeating behavior.

At the front end of the juvenile justice system, police juvenile officers interact most closely with young people in danger of involvement with that system. This year, the Municipal Police Training Council will approve a special voluntary certification program for those officers which will be developed in consultation with the Division for Youth and the Juvenile Officers Association.

Costly out-of-home placement for young people, whether in foster homes or in State-owned or supported residential facilities, is a major factor contributing to the State's continuing fiscal problems. We could save money if these youngsters were placed at home. We could save families as well. We can do this by providing intensive home-based services to reinforce the family's ability to provide adequate supervision and guidance for the youngster averting a DFY placement. Some promising models exist, and I have directed the Division for Youth to evaluate one that has performed well, New York City's Family Ties program, and report on the feasibility of replicating it elsewhere in the State.

The Division for Youth has made major progress in improving its administration and ability to serve clients while achieving significant cost efficiencies. I note with particular satisfaction the recent full implementation of the Division's new Client Classification System that will ensure quick assignment and placement of youngsters in the Division's custody in a program that meets their particular needs.

This year, I will propose important legislation that will effect a number of needed improvements in our juvenile justice system. This Omnibus Youth Act will clarify and restructure the statutes governing the powers and duties of the Division for Youth and the types of programs and facilities it maintains.

Serving clients with substance abuse treatment needs is an increasingly urgent priority. Since July 1, 1989, 57 percent of screened new admissions to the Division have demonstrated a need for substance abuse services. The increase of placements requiring these services has been steady. The Division will address this need by providing a Substance Abuse Resource Coordinator and by continuing and expanding drug programs for adolescents.

To meet the needs of clients in need of mental health services, the Division will enter into a contractual services arrangement with the Office of Mental Health. When fully implemented, this arrangement will provide psychiatric, psychological and nursing coverage for mentally ill juvenile offenders within the system.

Additional Division programs proposed this year will include a new vocational education program based on developing and running a business and a home-based intensive supervision program. The latter is a special, intensive supervision home release program as an alternative to group home placement.

The Division will also initiate a three-year plan for accreditation of all of its facilities under the American Correctional Association accreditation program. This will entail certification of compliance with an extensive set of standards that the Association has developed over the past decade.



THE DECADE OF THE CHILD

In 1988 I called for a ten-year commitment to the children of the State -- the Decade of the Child. The last two years have been highly successful. We have created a comprehensive approach to protecting the well-being of children which covers the period from cradle to college. We have expanded medical care, emphasized the significance of education through innovative programs such as Liberty Scholarships, opened community schools, increased welfare grant levels and expanded child care. While much has been accomplished, more remains to be done. The third year of the Decade of the Child will build upon the successes of the first two years through the following efforts:

- We will implement special child-oriented efforts in drug prevention and treatment and the initiatives of the Division for Youth already described.
- We will develop a new program -- the Neighborhood-Based Initiative -- designed to empower our highest-risk communities to develop and implement new and more effective ways to respond to the needs of their children and families. It will bring together the multiple resources of the State with community based leaders to target our joint efforts in the most productive manner possible.
- A continued priority for this year will be to ensure that children have a healthy start in life. Our agenda includes an exciting new program to provide health insurance for uninsured children and enhanced reimbursement for primary care services. In addition, we will continue to expand our efforts to meet the growing demand for early education and child care services.
- Two years ago, we created one of the most promising school drop-out prevention programs in the nation, the Liberty Scholarships, and we supported this effort by making mentoring available early in the elementary school grades. We will continue to implement and expand our efforts this year. In addition, we will place renewed attention on preventing adolescent pregnancy and intensifying our services for teenage parents.
- Building on our successes at making our children's service systems more efficient, we will streamline state government administrative mechanisms, take additional steps to improve our capacity to be accountable and increase our efforts to improve the quality of the services we provide.

Neighborhood Based Initiative

While the Decade of the Child represents our commitment to improving the lives of all children in New York State, consistent with our commitment to the criterion of need, we pay special attention to those who are most vulnerable. The plight of children and families is especially severe in economically and socially depressed neighborhoods throughout the State. These neighborhoods are plagued by poverty, rampant crime, drug abuse, substandard housing, inadequate health care, and inferior schools. Therefore, if we are going to make our vision

for New York's children a reality, we must focus targeted and intensive efforts to assist children in these neighborhoods.

In order to effect real change in the lives of children at risk and their families, we must intervene early and intensively. Our actions must be directed not only at resolving individual problems, but also at building each community's capacity to respond. Therefore, I am announcing a Neighborhood Based Initiative (NBI) designed to improve the lives of children and families in high risk communities.

The long term goal of NBI is to develop early intervention strategies that will rapidly identify and address problems, and will strengthen families through improved access to care. This unique, community based approach to the delivery of services will unite the efforts of all of the State's human services agencies with community leaders and local providers to make our service delivery systems more responsive to the needs of families. Therefore, in these communities, I propose that we take special actions to streamline the way that State government administers its programs. Every effort will be made to reduce the complexities associated with funding, eligibility, and access. To the extent possible, we will provide multiple services at single sites.

Consistent with our goal of early intervention, we will begin by focusing in these neighborhoods on the special needs of pregnant women and new parents. Comprehensive prenatal care will be made readily available, supplemented by an aggressive outreach program to ensure that all pregnant women in the community are aware of prenatal care services and have easy access to them. New parents will also receive intensive home based prevention services for an extended period of time after delivery. Parenting education will be provided during pregnancy and subsequent to birth. In addition, intensive family planning services will be expanded in these communities, and special efforts will be made to reach teenagers at risk of pregnancy. For those women involved with drugs and alcohol, substance prevention and treatment services will also be provided.

These core services will be implemented through an integrated process that requests proposals from within the community, with priority given to those that can coordinate the delivery of all services. Emphasis will be placed on the development of a simplified eligibility process that stresses community rather than individual eligibility, a common interagency assessment mechanism, and flexible funding that allows the provision of a wide range of services.

Each NBI effort at the local level will be guided by a Neighborhood Cabinet that includes local government, State, and neighborhood representatives. The Cabinet will provide the essential leadership, overall policy direction and technical assistance. A rigorous evaluation process will be established to determine the effectiveness of this new approach to solving some of the major problems of our most distressed neighborhoods.

My budget will include special funding for this initiative, so that the services provided can be based on families' needs and not be constrained by the limitations of current categorical funding streams.

To complement this unique effort existing programs will also be expanded. Where Community Schools do not exist, we will create them. Increased assistance will be provided to at-risk youth to help them stay in school through mentoring initiatives and the Liberty Partnerships Program. Youth Corps programs will be developed to help unemployed youth gain job experience and improve public services. Moreover, recreational programs will be expanded to give youth in the neighborhoods healthy, alternative activities.

This effort will require the cooperation of all levels of government as well as the private and the voluntary sectors. It is an opportunity, however, to make a difference in the lives of our more disadvantaged children.

Providing a Healthy Start

A major goal of the Decade of the Child is to give children a healthy start in life. We have made major strides in this area over the past two years by expanding prenatal care, strengthening child care and pre-kindergarten services, continuing the Pre- and Post-Natal Parent Education Hospital Program, increasing public assistance benefits and establishing child support guidelines. We will continue to build on these efforts and initiate new programs to ensure a healthy start for New York's children.

Expansion of Health Coverage for Children

Access to adequate health care is essential to New York State's children, as it is for children across the nation. The federal government has been debating this issue for decades. The time for discussion is over; the time for action is now. In the year ahead, the State will take additional steps to address the needs of uninsured children.

In last year's Message, I asked Dr. David Axelrod to develop a plan to expand health insurance coverage for children and their families. The Health Commissioner's draft proposal, UNY*Care, represents a bold initiative to reform the health care system and provide universal access to all residents of this State. The innovative system would permanently close existing gaps in coverage for all New Yorkers and reforms the present system of reimbursement, insurance and payment. It also assures that quality medical care is offered and workable cost controls developed in ways that are equitable for all New Yorkers.

One of the important aspects of the UNY*Care program is that it would establish a single payer authority to provide added efficiency to the system. Health care providers are now faced with an enormous number of separate third party payers with whom they must deal -- at an astounding administrative cost. Even modest gains in reducing this unnecessary workload would produce substantial savings. As a first step, we will test a consolidated claims processing system, on a voluntary basis, in one region of the State. Much work remains to be done, however, to refine the details of such a broad and complex initiative.

While this process is underway, I believe that we should move toward the goal of universal coverage by beginning with children, who represent the largest uninsured group in the State. I will propose the expansion of Medicaid eligibility to children up to age six who live in families with net incomes below 133 percent of the federal poverty level. However, this is not

enough. We must do more. Therefore I will propose a new child health insurance program that will provide access for all children through age seventeen. This plan will provide assistance to self-employed and unemployed parents to purchase insurance coverage for their children and help employers provide coverage for their employees' children if such coverage is not currently offered.

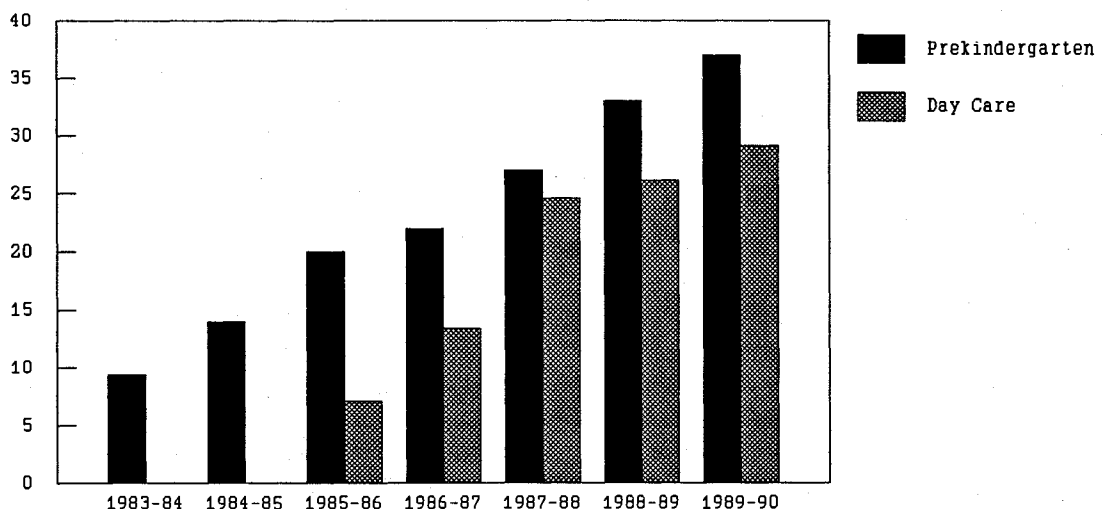
Expanding coverage, however, needs to be coupled with improvements in the primary care delivery system. These primary care services involve the provision of basic medical care designed to promote health maintenance, treat illness and coordinate overall care. We need to expand the delivery of primary care in the community, to improve access and reduce the excessive reliance on in-patient visits to provide such care. I will, therefore, provide incentives for the organized development and expansion of neighborhood based primary care services. In return for improvements in services, we will provide increased reimbursement for clinic visits and for care provided to children by physicians.

Early Childhood Services

For years, New York has been a national leader in developing high-quality education programs for preschool children. We have recently taken major steps to meet the growing demand for full-day, child care services to meet the needs of working families. We can anticipate that the pressures on our child care system will increase dramatically. Our activities this year will increase the availability of early childhood education services, expand and strengthen child care, coordinate services and planning for future needs and stimulate greater involvement of business and industry.

State Appropriations for Prekindergarten and Low-Income Day Care New York State 1983-1989

Millions of Dollars



The New York State Pre-Kindergarten Program has proved to be an effective service to help high risk preschool children be more successful in their school experience and to improve the quality of family life. Children who have attended the New York State Pre-Kindergarten Program are more successful in school than children from similar backgrounds who have not attended this program. Since I have taken office, we have increased funding four-fold for this program. Yet we know that large numbers of children remain unserved. Therefore, my Budget will include an increase in this program. However, even with the expansion of pre-kindergarten services, many children will be unable to attend programs because they have no form of transportation available. Consequently, I will also submit legislation that will allow school districts to provide transportation for these services, whether from home or from a day care program. In order to allow schools to develop new classrooms for early childhood programs, I will include in the Budget a proposal to allow schools to claim capital costs for such programs within the school-aid formula.

Over the past five years, we have developed and implemented a new program that now totals almost \$30 million to provide State subsidies for low-income families to obtain day care. Yet we must do more. Therefore, complementing our increases in pre-kindergarten services, I will also include funds in the budget to increase the State's low-income day care programs as well as provide cost-of-living increases and adjustments to reflect prior year salary enhancements. This expansion of day care is essential if we are to facilitate the movement of low-income parents into job training, education and eventually the labor force, as well as meet the mandates of welfare reform.

We must also take aggressive steps to expand the supply of day care. My budget will include an increase in start up grants targeted towards programs which serve public assistance recipients engaged in JOBS activities. Last year, I proposed legislation to replace our current onerous procedures for licensing family day care homes with a simple, easy-to-administer registration system. Such systems have been developed in other states and have led to remarkable increases in the number of families who have become family day care providers. Therefore, I will once again propose a family day care registration bill.

The Office of Business Permits and Regulatory Assistance (OBPRA), the Council on Children and Families and the Department of Social Services (DSS) in the last year have examined ways to streamline our present system of licensing and regulating day care centers. Based on their recommendations, we will take several actions that should make it easier to start and operate day care centers in New York State. I have asked Commissioner of Social Services Cesar Perales to work during the coming year with Secretary of State Gail Shaffer to explore the feasibility of consolidating the multiple fire and life safety inspections into a single process. DSS, in consultation with OBPRA, will eliminate the areas of confusion and delay in State regulations that apply to day care centers.

While we have outlined a comprehensive agenda for early childhood for the coming year, our current fragmented structure for administering these programs impedes the planned and orderly development of early childhood services in New York. To reduce these impediments, I will appoint a Permanent Interagency Committee on Early Childhood Programs, responsible for overseeing the implementation of our comprehensive early childhood agenda.

In addition to the initiatives that we as a government can take, we must continue to encourage businesses and industry to provide child care for their employees. Under the leadership of Judith Avner, Director of the Division for Women, and Vincent Tese, Director of Economic Development, Lieutenant Governor Stan Lundine hosted a highly successful series of Business Leadership Meetings to discuss child care and other dependent care issues. Further, at the recommendation of my Task Force on Work and Family, we have established the new Work and Family Resource Center within the Department of Economic Development. The Center disseminates information and technical assistance on child care and dependent care issues and options to employers throughout the state. The Job Development Authority and the Urban Development Corporation have worked with our existing programs to finance child care projects responsive to specific business needs. And through the employer-sponsored Child Care Demonstration Program, administered by the Department of Social Services in cooperation with the Departments of Economic Development and Labor and the Division for Women, we are funding nine innovative programs that combine public and private resources to expand child care services. While we can be proud of our efforts, we must devote even greater efforts to promoting the development of employer-sponsored day care.

This year, I propose to increase the capacity of the Work and Family Resource Center to develop and market its services. We will add a strategic planning component to its activities to assist in the development of child care and related dependent care initiatives that are responsive to the needs of specific industries and regions. I will also ask the Department of Economic Development to expand its technical assistance programs for child care to provide business and financial management assistance to child care providers.

In addition, the Governor's Advisory Committee on Child Care will move forward with the design of a Statewide collaborative for expanded private, voluntary sector and foundation involvement in increasing the general availability of child care.

Early childhood development programs -- child care, Head Start and Pre-K -- are key to meeting the goal of providing a "healthy start." The State of New York has responded to early childhood needs through aggressive actions in support of children and families. However, the states urgently need the support of the federal government to implement comprehensive early childhood strategies. The time for action is now. We should, together, call upon the President and Congress to recognize their responsibility to reconcile their differences and enact national child care legislation this year.

Early Intervention

We have a special obligation to support families who have young children with developmental disabilities or delays. Fortunately, some of the most comprehensive services in the nation for this population are provided by agencies in New York State. However, the system established through Family Court to access these services has proved to be an unnecessary burden on these families. Last year, we took the first steps to reform this system. Together, we reached agreement and enacted legislation that removed the Family Court process for preschool children and created a new system through our public schools. This year, we must turn our attention to infants and toddlers. I welcome the advice of the State Interagency Coordinating Council, under the leadership of Justine Strickland and Edward

Pagani, and I will submit legislation for your consideration to implement recommendations from the Department of Health which will eliminate the Family Court's role and replace it with a simple, county-based administrative system.

Pre- and Post-Natal Parent Education Hospital Program (PPPEHP)

Under the leadership of Commissioner Perales and Matilda Cuomo, the New York State Citizens Task Force on Child Abuse and Neglect has promoted the provision of parent education and support services as the most successful strategy to prevent child abuse and neglect. With the assistance of Commissioner Axelrod, the Task Force initiated the Pre- and Post-Natal Parent Education Hospital Program (PPPEHP), a comprehensive, statewide parenting program which is an essential key to preventing child abuse and neglect in New York State.

To help mother and baby have a healthy start in life together, the Task Force worked with the Department of Health to produce *Having a Baby: A Family Guide to Pregnancy*. This booklet provides expectant mothers with important information about self-care during pregnancy and encourages women to seek prenatal care in order to prevent low birthweight and infant mortality. For new parents, every hospital in New York State with maternity services is now distributing the free *Welcome to Parenthood* handbook. This comprehensive book is designed to help parents understand the problems and joys of parenting. After the child's birth, PPPEHP uses existing hospital-based professional staff -- the nurse, pediatrician, social worker, and nutritionist -- in a team approach to review the *Welcome to Parenthood* handbook with the parent and suggest referrals to community services. Nine community resource directories have been completed which help families locate community services once they leave the hospital. These directories are given to the new family before they are discharged, when the need for follow-up services can be discussed.

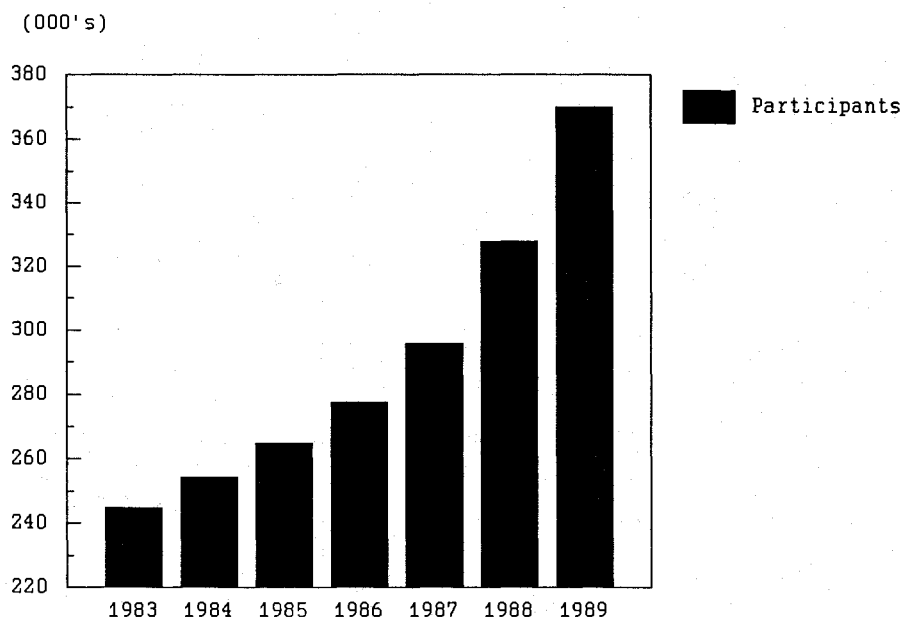
The Task Force is continuing its work to augment this program. A training manual for hospital professionals has been completed and is being used by participating hospitals to ensure optimal use of the PPPEHP program. This year, a videotape on parenting during the newborn period will be released and distributed to hospitals participating in PPPEHP, as well as to parents, clinics and community programs. In collaboration with the Department of Health, the Task Force is exploring ways to intensify services to our most vulnerable parents and their newborns, including the expansion of home visitor services. Therefore, I will ask the Department of Social Services and the Department of Health to use existing resources more effectively to increase access to essential parent education and home care services.

Nutrition Assistance

The Supplemental Nutrition Assistance Program (SNAP) and the Women, Infants and Children program (WIC) provide critically needed food and nutritional education for low-income women, infants, children and the homeless who are deemed to be at high nutritional risk. Since 1983, we have expanded this program from a caseload of 245,000 to approximately 370,000 participants each month. My Budget will include funds to support this caseload. To ensure that all students in grades K-12 have access to the State's "Nutrition for Life"

curriculum, we are also working in concert with the State Cooperative Extension Service to train a cadre of teacher trainers.

**Women, Infants and Children Participating in the
WIC and SNAP Nutritional Program
New York State**



Enhancing Services for School Age Children and Adolescents

Our state's future vitality depends in large measure on preparing young people for the challenges of a rapidly changing economic and social environment. While New York's educational system serves many of the State's children well, a significant proportion of students do not succeed -- particularly those faced with such problems as teenage pregnancy, violence and drug and alcohol abuse.

The Decade of the Child presents an opportunity for the State, in partnership with families, communities, schools, local governments and the private sector, to address these issues and improve the prospects of school age children.

Adolescent Pregnancy

In 1984, I announced a major, innovative initiative to address the crisis of adolescent pregnancy. Central to this statewide initiative was the Adolescent Pregnancy Prevention and Services Program (APPSP). Unlike other funding programs, APPSP does not provide separate grants for individual services within a community, but rather supports an integrated response jointly planned and provided by many local organizations. Communities in greatest need receive funds to establish the essential components of an effective service system to prevent

and respond to adolescent pregnancy. These community coalitions ensure a full range of services for the pregnant and parenting adolescent, while maintaining a strong prevention and early intervention approach to reduce the incidence of adolescent pregnancy. However, the truly distinctive feature of APPSP is the empowerment of the community. The initiative provides an opportunity for all members of the community to examine the broad ranging impact of adolescent pregnancy and to recognize that the solutions can and must come from their own action.

During the past four years, the Adolescent Pregnancy Prevention and Services Program has provided funding to 24 of the highest risk communities across New York State, ranging from Bushwick in Brooklyn to Cortland and Chautauqua Counties. Because plans are developed in response to particular community needs and existing resources, each project is unique. However, all respond to five major themes as a framework for action: focusing on high-risk communities; strengthening prevention efforts; increasing opportunities for self-sufficiency; enhancing coordination; and assuring the broadest possible involvement of the community.

Turning around the conditions and attitudes that have created crises in communities takes a long-term commitment. The benefits of many of our investments are a generation away. However, local service providers are now working together, with increased responsiveness to the variety of needs of young people. We have served as a model for other states as they seek to address the crisis of teen pregnancy within their own communities. Therefore, I ask your support for legislation to extend the Adolescent Pregnancy Prevention and Services Act, so that it can continue to serve as a foundation for our efforts.

Finally, because the real motivation for deferring parenthood is a sense of a better future, I will call for the expansion of a demonstration program that has been underway for the past two summers. This program, Summer STEP, provides 13- and 14-year-old at-risk students with a successful educational and employment experience for two summers. These youngsters participate in a life options program that gives them information and an opportunity to discuss the ramifications of teenage pregnancy. I will propose a program to allow school districts across the state to join in partnership with the Private Industry Councils that administer the Job Training Partnership program, to replicate the Summer STEP program.

We must also acknowledge that when a young woman chooses to bring a pregnancy to term, she is often ill-prepared emotionally, financially and educationally. We must be willing to ensure that those youngsters who are pregnant or parenting receive necessary services for a healthy pregnancy and a self-sufficient life for them and their children. As part of this effort, I will offer legislation to extend the Teenage Services Act.

This agenda will allow our children to use the precious years of childhood preparing for a self-sufficient future, one that will provide our youth an alternative to becoming parents before they are ready.

Abortion and Its Alternatives

The argument over whether abortion should be made illegal -- by whom and to what extent -- may continue for the rest of our lifetimes. Few issues present such an excruciating mix of legal, moral, social and political questions and evoke such emotional and powerful responses.

It seems to me that as Governor I ought to speak directly and completely to the issue instead of trying to deal with it through slogans or headnotes. So I have spelled out my position in great detail in a paper I delivered at the University of Notre Dame in 1984. That paper, the subject of considerable discussion, still accurately describes my view.

The Supreme Court's recent decision in *Webster v. Reproductive Health Services, et al.* has generated much analysis and discussion. Nothing in the *Webster* decision, however, changes New York law, including Medicaid funding.

At the same time, while *Roe v. Wade* and related questions concerning the right to have abortions continue to be debated, I believe it would be helpful to spend some effort addressing a prior concern -- finding ways to reduce the number of unintended pregnancies.

No one I know -- no matter what position she or he takes in the debate over the right to decide when an abortion is appropriate -- would deny that the statistics on abortion in our nation are sobering. Each year, approximately 6 million pregnancies occur; more than half of those pregnancies are unplanned; over 1.5 million, or 25 percent of all pregnancies, end in abortion.

Earlier this year, the former Surgeon General, C. Everett Koop, pointed out that "even among groups committed to confirming a woman's right to legal abortion, there was consensus that any abortion represented a failure in some part of society's support systems -- individual, family, church, public health, economic, or social."

This continuing failure of society's support systems has produced a phenomenal growth in the trauma, and the tragedy, of abortion.

And it's here that I believe lies some real hope of accomplishing what most people agree is a desirable goal: lessening the number of abortions by helping women to avoid the situation that requires making the difficult decision of whether to terminate a pregnancy.

Perhaps all of us -- families, religious and public institutions, voluntary associations -- should begin by teaching young men and women better than we do now their responsibility in creating and caring for human life, instead of abdicating that responsibility and letting the popular media and advertising substitute for it the message that sexual exploitation is normal, or even necessary to validate one's maturity. Our adolescent pregnancy prevention programs make a start in that direction.

At the very least, young men and women should hear from us that they are not abnormal because they choose to abstain until another and better time. I think it is a mistake to

believe that history has left the alternative of restraint behind, as a sociological anachronism. My Budget will provide funds specifically allocated for promoting the value of abstinence for young people.

At the same time, however, we must recognize that not all young people will follow this preferred path -- even with our best efforts. All young people who for whatever reason are sexually active, unprepared to take up the responsibilities of parenthood and terribly at risk of contracting AIDS and other serious illnesses, should be made fully aware of the possible consequences of being sexually active. Responsible sex education that recognizes and respects the different moral values in our society on this sensitive matter is an appropriate part of the public school curriculum.

Sex education, or more appropriately "family life education," should provide young people the knowledge and values they need to deal responsibly with their sexuality. I will ask the State Education Department to intensify its technical assistance available to local schools to implement family life education. Part of this effort will be the establishment of a State curriculum review committee composed of acknowledged experts from across the State. The committee will be charged with reviewing the available curricula and identifying the most promising materials for dissemination to interested school districts.

While we express a particular concern for teenage pregnancy and abortion among teenagers, this is hardly a matter of concern for young people alone. Only 22 percent of the women who had induced abortions in New York State in 1987 were under the age of 20. With 25 percent of all pregnancies ending in abortion, most of them involving women over 20 years of age, the failure of society's various support systems is clear. This is a legitimate concern of our public health policy.

Some of us believe the use of contraceptives is wrong. Those who do, have a right to live by that belief. That is one of the great beauties of this democratic place; no one can be required to have an abortion or to use contraception. But, for the sake of those people in our society who believe that contraception is better than abortion, we should invest in better, easier and safer contraceptive methods -- as freely as we would invest in other technology that might have a bearing on 1.5 million women a year. The new budget I will submit in January will provide funds to enable family planning clinics to offer family planning services to those who wish to use them. Further, in high-risk communities, starting first with Neighborhood-Based Initiatives sites, we will provide special grants for outreach, expanded clinic hours and other innovative strategies that will increase the likelihood that young people will make use of these services.

Another aspect of the situation that deserves more attention is the question of adoption. There are some women who would rather not choose abortion if they could be relieved of some or all of the emotional, physical, financial, and social commitments of bringing up children -- commitments they judge themselves presently incapable of undertaking for a lifetime.

We need to re-examine this adoption option, not as a panacea for abortion but as another of the ways we can create real choices for people. We should remove unnecessary obstacles

to adoption, making it as easy as possible, consistent with prudence, for the thousands of people eager to find a child they can love, to do so. And we must continue to see to it, as we do in New York, that the health care necessary to give birth safely is as available as the care needed to have an abortion.

Finally, everyone, I hope -- whatever else they believe -- would agree that life beyond the womb deserves more consideration. We should understand that whether or not the law reflects one's view of abortion, no infant should come into a world that does not care if it is fed properly, housed decently, educated adequately; where the blind or retarded child is condemned to exist rather than empowered to live.

While the debate goes on over abortion, the United States' infant mortality rate places us sixteenth among the nations of the world. Thousands of infants die each year because of inadequate medical care. Some are born with birth defects that, with proper treatment, could have been prevented. Some are stunted in their physical and mental growth because of improper nutrition.

All of us, I believe, should support efforts like New York's Decade of the Child, our comprehensive program to help children in every way possible. Together, we need to prove that whatever we believe about when life begins, we surely are fully committed to nurturing, caring and loving the children left to our charge.

Expansion of Community Schools

Often, school children and their families require other human services to ensure positive family functioning and a successful educational experience. In recognition of this fact, in 1986-87 we began a program to make the school building the center of community activity in disadvantaged neighborhoods. The program began in four school buildings and, with the awarding this year of six new grants, it will soon operate in twenty. The additional State funds are used to keep the school buildings open longer hours, in order to facilitate the provision of ancillary services that children living in these areas need to benefit from the educational programs provided during the regular school day. These may include day care and school age child care services, nutrition programs, mentoring, recreation, health services and counseling. The actual services provided at each site are determined by the needs of the neighborhood in which the school is located.

If we hope to reach our goal of having a community school in every school district that wants one by the end of the Decade of the Child, we must significantly expand this program next year. Therefore, my Budget will contain funding to double the number of community schools from 20 to 40 in 1990-91.

Implementing Liberty Scholarships

The first Liberty Scholarships are slated to be given out in September of 1991. With the implementation of these scholarships, in addition to other State and federal grant programs, New York will be the first state in the nation to cover all of the basic costs of attending college in the public sector for needy students who have earned the privilege of a good higher

education. This commitment will provide many of New York's students with the opportunity to attend college. Increased assistance will be provided to help at-risk youth stay in school through the New York State Mentoring Program, the School and Business Alliance (SABA) and the Liberty Partnership Program.

Promote Mentoring

Under the leadership of Matilda Cuomo, the New York State Mentoring Program is recruiting mentors throughout New York State to work on a one-to-one basis with students beginning at the middle school level. By their examples, the mentors show young people the value of education; they introduce them to the world of work; and they show them alternatives to the problems that destroy too many young lives today. Programs are already being implemented in fourteen schools in New York City and fifteen additional schools throughout the state. There are over 11,000 volunteers in community and school-based mentoring programs across the state. Next year we hope to double the number of schools offering a mentoring program with the long-term goal of developing programs in each middle school and junior high school in the state. For more information about how to become a mentor or to learn about local mentoring programs, an 800 telephone number has been established, staffed by the Department of Labor: 1-800-82-MENTOR.

Promote Volunteerism

Mentoring is one of the current countless examples of New York's long and proud tradition of volunteerism. More than eight million New Yorkers offer an estimated thirty million hours of service to their neighbors and communities in our state each year. We will do all that we can to foster this commitment and to assure the optimal use of volunteer resources -- understanding and responding to the needs of volunteer organizations and service providers, promoting volunteerism among students and residents, offering guidance and technical assistance whenever possible. This year, I shall direct the Office for Voluntary Service to continue the expansion of the Governor's Empire State Volunteers and Voluntary Service Corps; to expand the reach of its Eleanor Roosevelt Service Award Program; and to continue its efforts to create innovative volunteer programs to serve all New Yorkers.

Decade of the Child Essay Contest

The voices of the State's children and youth should be heard as we promote and foster the Decade of the Child. To provide an opportunity to hear first-hand from these children, I propose that New York State sponsor a Decade of the Child Essay Contest. Through this contest, developed by our schools and community-based organizations, we will hear directly from children the joys and concerns that they experience in their daily lives. Awards will be given at the local, regional and State levels to honor and recognize their contributions.

Camp Liberty

Camp Liberty is another early intervention program targeted to poor children. Launched last year, this program addresses one of our most important goals: encouraging children, especially low-income children, to complete school. The program begins at the end of the

third grade and continues until the end of the sixth grade, when the child will be linked to the Liberty Partnership program.

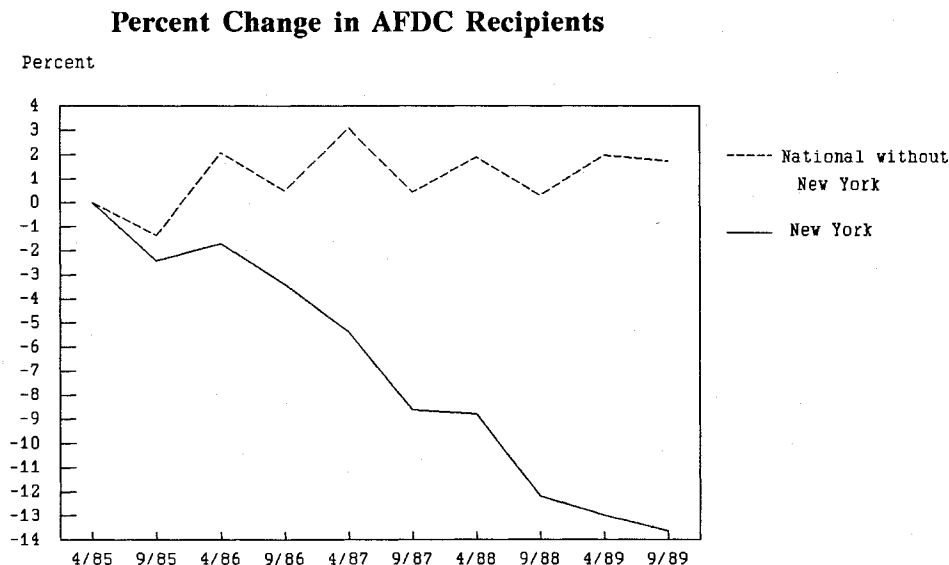
Last year the program provided third grade children from low income families in urban and rural community school districts with an educationally enriched summer camp experience. All children were provided an opportunity to receive educational services through the use of computers and user-friendly educational software packages. This program will be continued in the coming year.

Services to Children with Mental Illness

One of the most disturbing trends in the mental health field over the past few years has been the increasing reliance on in-patient care to serve children and adolescents who are emotionally disturbed. This is the most costly and most restrictive type of care; in many instances, it is also inappropriate. Consistent with our efforts to give major priority to children's mental health issues and building upon last year's efforts, I will propose the development of a continuum of community-based care as an alternative to institutionalization. This continuum will include an expansion of intensive case management, the expansion of family support and family-based treatment services, as well as home-based crisis intervention services and respite care.

Welfare Reform

Over the past four years, we have seen a 12 percent drop in our AFDC caseload, much of which is attributable to New York's innovative programs to improve education and training



for AFDC mothers. These programs have served as a model for the national welfare reform effort. The goal is simple -- to empower those who are dependent on the welfare system to

help themselves. Our efforts have focused on strengthening self-sufficiency by providing education, training, placement and employment services through programs such as the Comprehensive Employment Opportunity Support Centers. We can be proud of our success.

Last year I introduced welfare reform legislation to comply with the Family Support Act passed by Congress in 1988. This legislation provides us with the unique opportunity to transform welfare from a system that primarily dispenses benefits to one that actively promotes employment and self-sufficiency. Unfortunately, the Legislature failed to reach agreement last year, and I ask for your prompt consideration at this Session.

For the past ten years, local social service districts have been constrained by the statutory requirement for the separation of services from income maintenance. With the onset of new welfare reform, maximum flexibility is required. I will, therefore, introduce legislation to modify the social services law to remove the mandate on separation.

Child Support

During the last several years, I have proposed, and the Legislature has enacted, a number of bills to strengthen the enforcement of child support. As a result of these efforts, many custodial parents and their children can now rely on receipt of the child support payments that were ordered by the court.

The success of these efforts, however, has been limited by the low levels of child support ordered. Last year my Child Support Standards Act passed the legislature, through the leadership of Assembly Members Helene Weinstein, Jerrold Nadler and Oliver Koppell and Senator Mary Goodhue. The Act requires both the Family and Supreme Courts to order child support in accordance with a statutory standard based on parental income.

It is critical that this law have its intended effect. I am directing the Commission on Child Support to evaluate the data collected by the Office of Court Administration, Department of Social Services and other agencies. The Commission will meet with private and public sector attorneys, judges, hearing examiners, child support enforcement agency attorneys and staff, custodial and non-custodial parents and advocates to evaluate the impact of the new law. In addition, I will ask the Child Support Commission to continue its assessment of the impact of the Support Enforcement Acts of 1985, 1986, and 1987 and to make recommendations for additional measures necessary to strengthen our child support system.

Since the Child Support Commission has found that child support orders often are low because legal representation is unavailable or deficient, I also will direct the Commission to evaluate the various methods of representation available and make recommendations for improvement.

Improving Service Delivery

The human service delivery system is overly complex and fraught with inconsistencies and fragmentation. It is critical that we continue to find alternative approaches to make it more responsive, more effective and more accountable. This need was clearly demonstrated in the

recent report of the Interagency Task Force on Children and Youth, chaired by the Director of State Operations and Policy Management, Henrik Dullea. We have already begun to make changes. For example, we have streamlined the contracting process to ensure the timely completion of contract negotiations and issuance of awards. We will intensify our efforts this coming year.

Recommendations of the Task Force on Children and Youth

The Task Force was charged with the responsibility of identifying gaps, overlaps and inefficiencies in the delivery of services. We have moved forward with Task Force recommendations to streamline the myriad funding and administrative processes that make the delivery of children and family services unduly complex and burdensome.

As a first step, we have identified opportunities to simplify funding eligibility and make it easier for our most needy children and families to receive essential services. Many of the problems faced by children and families require new State funding strategies that are more flexible yet retain accountability. Therefore, the Council on Children and Families and the Division of the Budget will work with the State health and human service agencies, local governments and providers to design innovative approaches that allow communities to use State resources more flexibly to meet the needs of children and families. We will consider pooling local assistance funds and establishing greater interchange authority to enable our agencies to target resources in a coordinated fashion. Strategies to simplify funding programs will focus on activities that can be conducted within as well as across State agencies.

Not only do we need to simplify our approach to funding, we must also reform our multiple and burdensome county planning requirements and replace them with a consolidated, rational plan. At the Task Force's recommendation, last year I introduced legislation to reduce the fragmentation and duplication by these requirements. I will again submit such legislation, having now had the opportunity to gain additional advice from local governments, providers and advocacy organizations as to how our proposed Integrated Plan for Children, Youth and Families should be most effectively structured and implemented.

The pressing need to improve the effectiveness and access to services for those families in need has prompted a number of counties to explore strategies for improving the organization of services within their community. Some communities, such as Erie County and Ulster County, have already established local Councils on Children and Families to act as coordinating bodies. These neutral bodies have been extremely helpful in facilitating planning, resolving barriers to accessing services and improving communications among the various providers. We must continue to encourage and assist those efforts.

Management Information Systems

In order to provide efficient accountability mechanisms, the State's service agencies have developed large and complex computer tracking systems. These data systems collect information on children and families served as well as information on providers delivering needed services. In light of the revolutionary technological advances over the last few years, many of these systems are archaic and inaccurate.

Unless we take immediate action, we will be ill-equipped to handle the State's data needs for children's services throughout the decade and into the Twenty-first Century. Improving management information systems will require concentrated efforts of both the public and private sectors. Therefore, I will appoint a Committee on Children's Information Technology to lend expertise in the development of a strategic plan for children's information systems development. I will also ask the Council on Children and Families and the Office of Management and Productivity to join forces in coordinating this important initiative. The strategic plan will ensure that data collected by State agencies respond to the information and accountability needs of the State and the service needs of children and families.

Increasing the Quality of Residential Child Care

The care requirements for some children and youth are so complex and intensive that the State can best serve them in congregate settings. These children frequently have problems such as severe emotional disturbances, complicated health care needs, multiple physical or developmental disabilities, or aggressive and destructive behaviors. Every effort must be made to ensure the highest quality of care is available for these children.

Many of the private residential facilities our State's children are placed in are old and in need of repair. Most of these facilities are owned and operated by voluntary, non-profit organizations that do not have sufficient resources to make even minor renovations. In order to ensure the safety of children in these facilities, we must take steps to repair these deteriorating physical plants. As a first step, the State will begin a survey to determine the condition of each private facility used by the Department of Social Services, the State Education Department and the Division for Youth for placement of children under their care.

Not only must the State ensure a safe physical environment for children placed in residential care, we must also protect them from possible child abuse or neglect. Last year approximately 14,000 children received residential care in an institutional setting. During that time, the New York State Child Abuse and Maltreatment Register received about 800 reports of child abuse and neglect for children in these settings. Many of these incidents are similar to physical, sexual, or emotional abuse and neglect which occur in familial settings. The abuse or neglectful incident, however, is committed by a facility employee or volunteer.

Until the passage of the Child Abuse Prevention Act of 1985, a consistent response system to these types of incidents and a useful definition of institutional child abuse were lacking. The Act substantially reformed the way the State investigates and makes determinations regarding incidents of institutional child abuse and neglect. The Act has proved useful, although experience has shown that in the institutional setting, some modification in the way in which investigations are conducted may be appropriate. I will submit legislation, therefore, to make the Child Abuse Prevention Act permanent and to modify those sections of the Act that address residential care.

Strengthening the Workforce

We have developed a system of services and a network of providers in New York of which we can all be proud. The backbone of this system is made up of the dedicated men and women who provide extraordinary help to those in need. Whether they work in hospitals, day care centers, foster care facilities, drug rehabilitation programs or programs that serve individuals with mental disabilities, they deserve our gratitude. Therefore, in 1990, I will begin a new program to honor these individuals through the issuance of a Governor's Distinguished Service Award for Health and Human Services Workers.

In New York and throughout this nation, we face a severe and growing shortage of human service workers: nurses, technicians, therapists, child care workers, drug and alcohol counselors and other clinical and direct-care staff. Salaries are too low, opportunities for advancement limited and working conditions often unsatisfactory. Therefore, we will take a series of steps designed to allow our voluntary agencies to enhance their capabilities for recruitment and retention.

The twin evils of AIDS and drugs have pushed our foster care system into a crisis, particularly with the increasing demand to provide high quality care under stressful conditions. In an attempt to address the issues of recruitment and retention, my budget will include funds to enhance the salaries of the child care and social workers who provide the front line care to these vulnerable children.

OMH, OMRDD, DSAS and DAAA all have programs tailored to the special needs of their clienteles. The programs are diverse, but all have expanded community programs in recent years and will continue to expand. All will continue to rely heavily on voluntary agencies to achieve their expansion goals.

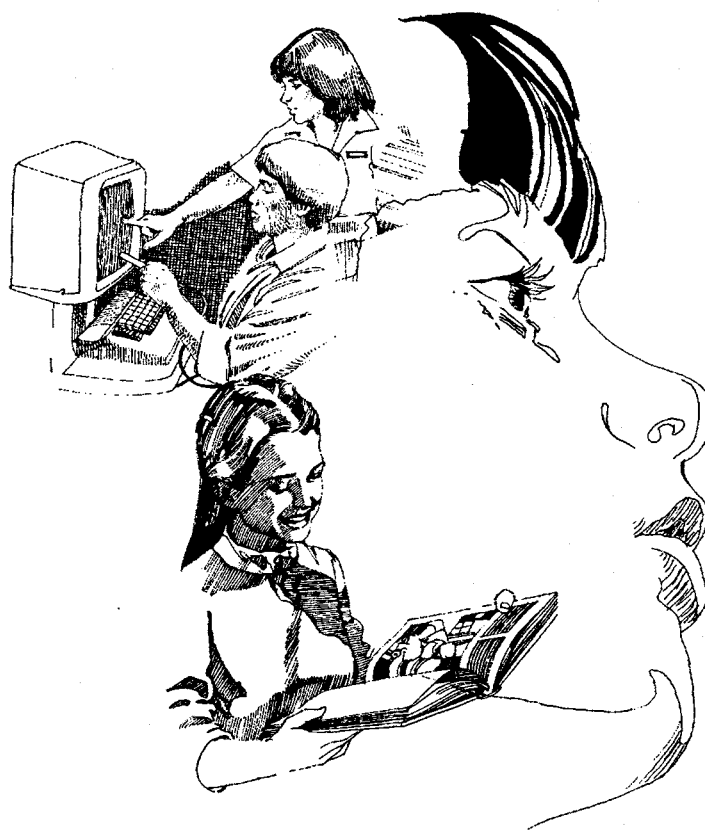
We are indebted to these voluntary agencies, and we must assure them of adequate funding to sustain and increase program operations. Therefore, I am recommending funds for cost of living increases and salary enhancements in selected areas.

OMRDD will also start this year an extremely promising pilot program to improve the educational opportunities, training and career mobility of direct care workers in the OMRDD system. This program -- the Kennedy Fellows Training Program -- was originated by John F. Kennedy, Jr., on behalf of the Kennedy Foundation. It will be a partnership of state government, the City University of New York and the Center for Worker Education, along with the various voluntary providers of services to persons with mental retardation and developmental disabilities. This program, which will build on the extensive experience of CUNY and its College of Staten Island, will begin initially with a certificate program for 60 direct care workers from OMRDD and from not-for-profit provider agencies in New York City.

Leadership for the New York of Tomorrow

We will continue to address forcefully the essential needs of our children. At the same time, we must be innovative in approaching emerging issues that young New Yorkers, and their children, will face in the future. Our ability to meet these challenges will be enriched if we

can combine the talents of the leaders of tomorrow with the leaders of today. I will therefore create a task force comprised of young New Yorkers and call upon them to review and examine the challenges that lie ahead and join us in forging bold, new solutions. Drawing upon others among their generation as well as our educational institutions, we will ask these young leaders to contribute their best ideas for strengthening the State they will inherit.



EDUCATION

This past September, I met with President Bush and the nation's governors at the "Education Summit" in Charlottesville. Next month in Washington, we will have the follow-up meeting to adopt a set of national goals. I will bring the same message to this meeting that I voiced in September: National goals are valuable, but rhetoric alone will not solve the problems of our education system.

Here in New York, our words about education have been more than matched by our deeds. Over the past seven years, we have increased state aid to local school districts by \$3.9 billion or 83 percent. This year, state aid totals \$8.5 billion or 44 percent of the total expenditures on elementary and secondary education in New York.

Substantial portions of these funds have been regularly targeted to address specific problems of local school districts. Moreover, we have intensified our efforts to increase the educational as well as fiscal accountability of these districts.

When we determined our students needed better access to computer equipment, we created the Computer Hardware and Software Aid Programs. Since 1984-85, this program has provided over \$100 million in aid to schools for the purchase of the most up-to-date computer hardware and software, more than quadrupling the number of computers available for instruction.

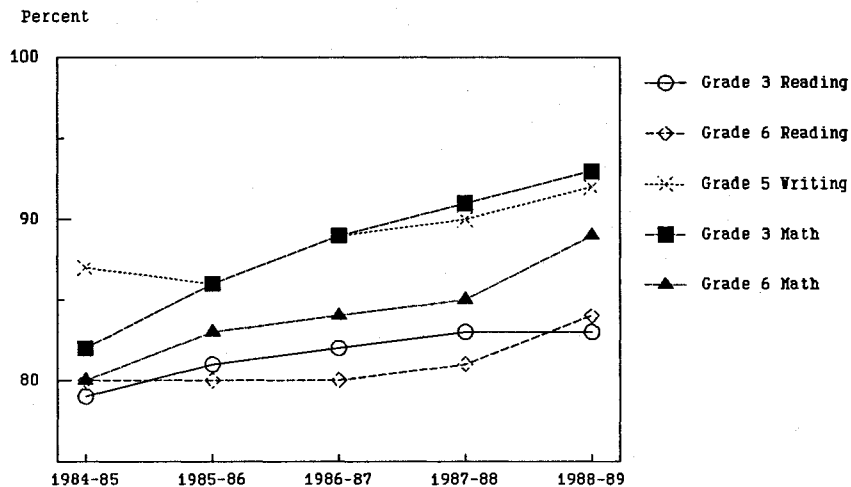
When many of our urban school districts had difficulty keeping schools desegregated, we created the Magnet School Program. Through the use of enhanced academic programs and parental choice, these school districts have improved student performance and maintained racial balance. This program provides \$56 million to 15 school districts.

When educators questioned whether our schools were adequately challenging our more talented students, we increased aid for programs for the gifted and created summer institutes of math and science to provide students with intensive instruction in advanced courses.

When school districts had difficulty attracting and retaining teachers, we adopted the Excellence in Teaching Program to improve teachers' salaries, and the Challenger Scholarship Program to attract new people into the profession.

All of our efforts at the state level are producing impressive results in local school districts. The scores on our elementary school reading, writing and math pupil evaluation program tests are increasing; we have fewer people 25 years of age or over without high school diplomas; and the percentage of the New York high school graduating class entering post secondary education continues to increase.

PEP Test Scores Above Statewide Reference Point



The performance of New York students in national programs continues to be outstanding. New York students account for about 7 percent of the high school graduates nationwide each year, yet our students write 12 percent of the advanced placement exams, receive 11 percent of the commendations from the National Merit Scholarship Program and comprise 47 percent of the Westinghouse Science Talent Search winners. New York students consistently score above the national average on the College Board Achievement Tests.

Reforming School Finance

In September of 1988, the Temporary State Commission on the Distribution of State Aid to local school districts, chaired by Frederic V. Salerno, began the difficult task of reviewing our state aid formula to determine if it distributes funds in a fair and equitable manner. In just three short months, the Commission produced a report that has been widely applauded.

The recommendations of the Salerno Commission should guide our school aid deliberations this year. The proposal I will present to you with my budget will target new funds toward disadvantaged and at risk youth. I have long expressed this goal, and I was pleased to see it not only endorsed by the Commission but embraced by President Bush as well at Charlottesville.

The school aid package will include the Commission's recommendation for a blend of attendance and enrollment in the pupil counts used to distribute aid. If we expect school districts to base their educational programs on the number of pupils enrolled, then we can no longer disregard these students in the state aid formulas.

Over the years, we have enacted a number of small categorical aid programs to address the problems of youth at risk. The time has come to expand these efforts through the use of a more comprehensive approach, and my state aid proposal will include a new formula designed

to fund programs for these youngsters. This formula will be based on the percentage of children living in poverty in each school district and will combine several of the existing funding streams into one formula. This change will allow school districts to offer a comprehensive program to address the needs of youth at risk.

The Salerno Commission also identified taxpayer inequities created by the existing state aid formula. The cost of providing basic educational services differs substantially from region to region across the state. The Commission recommended that the state aid formula recognize these regional cost differences. My state aid proposal will include a regional cost adjustment to ensure school districts in all parts of the state are treated fairly.

Restructuring Our Schools

New York State has thousands of committed administrators, teachers and students who work each day to get the most out of our schools. Unfortunately, these people accomplish this despite the system rather than because of it. In many respects, our school system is failing to provide what our children need in order to learn and to succeed. We can no longer afford that failure. The time has come to create a school system that supports, encourages and nurtures those people who are striving for high quality. We need to create an entirely new approach.

It will not be enough for us just to change state policy. This change will only be successful if the people responsible for education at the local level, school board members, administrators, teachers, students and parents decide to embrace a new and different view of what can be accomplished.

New York, like most other states, regulates what goes into the schooling process in detail -- the length of the school day, the number of minutes to be devoted to each subject in the curriculum, the qualifications of the staff, and so on -- all in the hope that the result will be high levels of student achievement. But there is another way to do it, a way that may make it possible for the schools of the state to produce levels of achievement that meet or surpass the best in the world, for all our students.

We can restructure education policy so that the emphasis is not on the inputs, but rather on the results. We can let the professional educators decide how to get the job done, so long as the students are making real progress against the goals we have set for them. We can create a world in which the success enjoyed by the professionals depends on the success enjoyed by their students. We can move from a preoccupation with rules and regulations to a preoccupation with the progress students make.

I propose a four point program that will place New York State in the forefront of national efforts to restructure the schools for world class performance: (1) an expanded effort to set clear goals for our students; (2) development of an assessment program that will enable us to judge accurately the progress students are making against those goals; (3) an experimental program designed to permit volunteer school districts to create management systems that focus on student performance, free of many of the constraints now imposed by the State; and (4) development, over the next year, of proposals for a new performance-oriented policy

framework for public education for consideration by the Board of Regents and the Legislature at next year's legislative session.

First is the development of a clear set of goals for our students -- what they must know and be able to do, goals that fully reflect our changing society and the demands of a highly technological economy. This goal setting process has already begun at the national level with the recent education summit and will continue at the February meeting of the governors.

Here in New York, the Board of Regents has laid the groundwork for a statewide goal setting effort with the Action Plan and the Excellence and Accountability Program. I call on the Board to build on that base to involve other State agencies and many sectors of the public in development of a statewide consensus on a set of goals for our students that will be as demanding as those of any nation in the world. I have already pointed out that the New York economy is one of the largest on the globe, that it competes not just with the economy of other states but with those of other nations. Our economy cannot prosper, or long survive, if our students do not perform to world standards. I will ask the Regents to reach out to the State agencies concerned with economic development, labor, social services, health and related issues to design and implement a program that will ensure a broad involvement of the public in development of goals that will ensure that our students and the members of our labor force are as well educated and trained as any in the world. This effort should be designed to engage the members of the business community, labor, civic leaders, parents, community based organizations, civil rights advocacy groups, the higher education community, as well as elementary and secondary educators.

Second is the development of measures of student performance that accurately reflect our goals. New York State has a distinguished record in the field of student performance measurement. Nevertheless, too many of the measures we use reflect minimum standards of competence, posing the danger of institutionalizing mediocrity. It is essential that our measures reflect the high standards that some states and many other nations are now setting for their students. I ask the Board of Regents to come forward with a plan for developing a set of standards and measures that reflect the new student goals, measures that will not only permit accurate assessment of the complex performance now required but will also make it possible for us to compare the performance of our students from school to school and district to district, as well as enable us to determine how well our students are doing compared to students in other states and other nations.

Third is the creation of a pilot program. Even as we work on our state goals for students, I will present legislation that will enable a number of local communities, if they choose, to participate in a new approach to the State regulation of education, on an experimental basis. Many of the laws, rules and regulations affecting instruction, staffing and teaching will be set aside for these districts, except for those relating to such matters as civil rights and public safety. In their place will be a graduated set of rewards for the district, based on the amount of progress students will make. This legislation will challenge those communities that elect to operate under the Board of Regents supervised pilot project to marshal leadership from every quarter to devise and carry out a plan for excellence, unrestricted by the rules and regulations that have for so long constrained local policy making. Only the bottom line will matter -- the achievement of students.

Fundamental change won't be easy. Restructuring local schools means more than lifting requirements. School based management demands intensive work at the local level to develop the plan for Regents approval. I am encouraged by the pathbreaking restructuring efforts that are underway in the City of Rochester, and I am particularly pleased by the mutually supportive relationship that has been developed between the city's schools and the National Center on Education and the Economy.

I believe this approach will build upon the existing Regents Middle School Challenge Program and has real promise for every school district in the state, but especially for those serving low income and minority students. It is there that we most need the outpouring of imagination and commitment to high levels of achievement that will characterize this program. It is in those communities that there is most room for student progress.

Fourth is development of proposals for new policies to encourage our schools to restructure themselves for high performance. I shall ask the Board of Regents to work with the National Center on Education and the Economy in this task. The Center will draw on the international comparative study of education and training systems it is conducting for the Commission on the Skills of the American Workforce, as well as its national work on restructuring school and education policy systems. The Regents will draw on their extensive knowledge of education in New York State, including those exemplary programs and practices that point the way toward an excellent educational experience for all. Over the course of the next year, the Regents and the Center should consult broadly throughout the state as we prepare alternative proposals for reshaping our education and training policies to produce much higher levels of student performance.

New York City Schools

This month, we welcome back to New York City a native son as the new Chancellor of the City school system, Dr. Joseph Fernandez. He brings with him first-rate experience in the application of dramatic and forceful new ideas on the improvement of urban education, including an increased emphasis on school based management. Dr. Fernandez knows the success of this effort depends on the quality of the leadership and staff in each individual school. I know he will find the New York City Schools richly endowed with outstanding administrators, teachers and support personnel.

Nevertheless, I am deeply disturbed by the reports of widespread corruption within the community school boards of New York City. At a time when thousands of students fail to receive a decent education, when teachers find themselves without adequate supplies, and when counselors struggle against impossible workloads, we witness the scandal of elected officials responsible for the education of these students ripping off the system. As we await the recommendations of the Gill Commission's study of corruption in the community school boards, I serve notice on the Board of Education and the new Chancellor that these abuses must be exposed and eliminated. I will also submit legislation to require community school board members to participate in annual State-sponsored training activities to help them learn to function as effectively as possible.

There are two additional changes we should make in State law to provide the new Chancellor with greater flexibility in the assignment of staff and the availability of a steady pool of qualified teachers.

State law governing the assignment of principals in New York City is inconsistent. The legislation governing high school principals allows the Chancellor to assign principals where he believes they are most needed, while the law governing the community school districts grants building tenure to principals. Although I believe strongly that tenured principals have the right to a due process hearing prior to dismissal from their posts, I do not believe this right should extend statutorily to transfers of principals from one school to another. The needs of children must be paramount. I will propose legislation to provide the Chancellor with the authority to reassign principals employed by community school districts.

The teacher licensing process in New York City must also be streamlined. Each year, the City faces a shortage of qualified teachers due in part to the burdensome licensing process in New York City. The New York City Board of Examiners has become an impediment to improving the quality of the City's teaching force. I will once again submit legislation to streamline the licensing process in New York City.

In July, the New York City School Construction Authority assumed responsibility for the design, construction and reconstruction of school buildings in New York City. The Authority will be responsible for improving the school system's decaying physical plant. I am pleased with the progress already underway. The Authority has committed \$9 million for design work and \$227 million for construction this year and plans to commit \$54 million for design and \$750 million for construction in 1990.

Teaching as a Profession

Last year I proposed that we increase the prestige and quality of our teachers by making teaching a licensed profession. During the past year, my staff worked closely with teacher organizations, school boards and the Commissioner of Education to develop comprehensive reform legislation that would not only establish a teacher licensing board but would also promote shared decision-making in schools and streamline the teacher disciplinary process. While the parties have achieved much progress toward the goal of a bill to which they can all agree, there are still some issues that must be resolved. I encourage the parties to bridge these few remaining differences, and I commit to doing whatever I can to insure that we make this reform a reality this year.

Asbestos

In last year's budget, we provided \$25 million to public and nonpublic schools to assist with the cost of federally mandated asbestos inspections. These inspections uncovered more than 250 million square feet of asbestos in our schools, with over 23 million square feet defined as an imminent health hazard. In order to ensure the health and safety of our students in public and nonpublic schools, my Budget will contain funds to assist in meeting the cost of asbestos abatement projects.

Technology Education

New York State has one of the leading technology education programs in the country. Each junior high school student is required to take a unit of technology in order to meet the State requirements. In high school, technology education is one of the core curriculum areas in occupational education.

The equipment needed to keep up with the latest developments in technology is costly. Yet, the State does not presently provide state aid for the purchase of this equipment. This year, my budget will contain a proposal to make technology education equipment eligible for computer hardware aid. We must ensure our students receive instruction in the operation of the most advanced equipment available if we hope to remain competitive.

As we have learned with computers, providing schools with the equipment is not enough. We must be sure teachers are able to operate the new equipment. My Budget will contain funds to expand the Teacher Center Program to ensure teachers have access to computer and technology training.

Science Equipment

In order for students to appreciate fully the science courses currently offered in our school districts, they need the equipment necessary to make it a hands-on experience. Unfortunately, equipment budgets in most school districts are usually modest, and are often the first items to be cut in difficult times.

This year my budget will include funding for the purchase of science equipment. Each school district will receive \$2.00 for each public and nonpublic school pupil in the district.

Partnership Between Business and Education

The partnership of business and education that was begun by James Robinson, Chairman of American Express, in New York City with the Academy of Finance in 1982 is a model for the rest of the nation. Its success led to the development of the Academy of Travel and Tourism, and recently the National Academy Foundation. The partnership now involves over 5,000 high school juniors and seniors and 150 corporations in the travel and tourism and financial services industries across the country and around the globe. I will direct the School and Business Alliance to encourage expansion of these types of partnerships in New York State.

Higher Education

Our State's unique mix of private and public colleges and universities is among our most important resources -- not only in providing quality education to our students but also in enhancing economic development and in opening a gateway for the economically disadvantaged to enter the mainstream of American society.

This year my Budget will once again propose no increase in tuition at our State and City Universities. It will include additional funding to bring budgeted enrollment closer to actual enrollment. To promote further student access to the public and private sectors, my budget will propose funding of the final year of the TAP increase enacted in 1988; this year, students from families with net taxable income of \$50,500 will be eligible for TAP, thereby reaching students from the majority of middle class families throughout the State. Furthermore, the maximum TAP award will be increased to a level of \$4,125, which will be of particular benefit to our neediest students.

Statutory restrictions have prevented full utilization of the Part-time Aid Program. My Budget and Legislative Program will include changes to enable wider use of aid by deserving part-time students.

As the economy grows more complex, and requires a more educated and technologically skilled workforce, our colleges and universities must develop the capacity to produce graduates that are highly competent and knowledgeable in a variety of disciplines. Quality, efficiency and productivity in undergraduate education have become highly visible, much debated goals in the higher education community. My Budget will contain funds to establish a competitive grants program designed to promote innovation, curriculum reform and excellence in undergraduate teaching. SUNY, CUNY and independent sector institutions will be eligible to receive these grants.

Capital Facilities

In 1988, we expanded our commitment to SUNY's capital program by \$1 billion, which allows construction to begin on more than 40 projects throughout the system. Although the 1986 \$1.3 billion total commitment to CUNY is approaching exhaustion, critical work remains to be done. The consolidated campus for the College of Staten Island is a top priority, as are major rehabilitation and construction projects intended to modernize obsolete facilities and permit release of expensive rental space. I will propose a technical amendment to the City University construction cap language which will charge against the State cap only that portion of community college costs attributable to the State, thereby releasing additional bonding capacity.

Five-Year Plans

In October, in response to legislation enacted in the last session, the State and City Universities submitted plans to the Legislature and to me that outlined their goals for the next five years. The plans included enrollment projections, specific program initiatives, capital projects, economies in operations, and actions to increase diversity among faculties and student bodies. Before submission, the plans were reviewed by Management Advisory Panels, consisting of eminent executives from the private sector, which I had encouraged the two universities to appoint. Last month, the two houses of the Legislature held a joint hearing to examine the universities' intentions. A welcome dialogue has begun. During the coming year, my office will work closely with both university systems to help them attain their goals of ensuring student access, improving the quality of education, and promoting cost effectiveness.

Management Advisory Panel Actions

The State and City Universities' Management Advisory Panels will continue their work of achieving operating economies throughout the coming year. The State University, with guidance from its Management Advisory Panel and from the Grumman Corporation, has already completed an in-depth examination of possible economies to be achieved by creating an energy cogeneration facility to serve its Stony Brook campus, and is issuing a Request for Proposals to qualified firms. Savings of \$3 million to \$5 million annually are expected when the facility is operational in three to four years. The City University is also actively exploring opportunities for economies through cogeneration. With the aid of the Rockefeller Institute and State agencies, the Management Advisory Panel of State University will assess the potential for introducing management incentives that would encourage State agencies to take the lead in improving cost-effectiveness.

Pluralism and Diversity

Both the State and City Universities are committed to expanding diversity among their student bodies and their employees, a commitment I support fully. At City University, where diversity dictates that students and employees alike must reflect the demographic mosaic of the City, the University has moved, and is continuing to move, on many fronts, including English as a Second Language (ESL) programs for immigrant students and basic skills courses for underprepared students. Building on this base, CUNY will launch a Freshman Year Initiative program on a pilot basis at two senior colleges and two community colleges, a program that will test the effectiveness of a core curriculum and intensified academic support services on student retention and success rates. If the pilot programs prove to be successful, the Freshman Year Initiative will be expanded to other campuses.

SUNY has concluded the first year of an innovative program, the Underrepresented Faculty Initiative, designed to increase representation of African-American, Hispanic-American, and Native American faculty on its various campuses. Funded entirely through internal reallocation of resources, the program provides faculty positions for underrepresented persons for three years, with 75 percent of campus salaries being paid by Central Administration during the first year, 50 percent during the second, and 25 percent during the third. When fully developed, the program will support 90 tenure track positions.

Cultural Resources

New York State continues to lead the nation in total state contributions to arts organizations. The New York State Council on the Arts, led by the incomparable Kitty Carlisle Hart, continues to provide funds to a wide variety of arts activities. The Arts in Education Program provides many school children with access to the arts. It should be a model for the rest of the nation.

Planning has begun for the Governor's Conference on Libraries to be held this year. I have appointed Professor Richard Wade of the City University to chair a 33-member Commission on Libraries that will oversee the planning of the conference. This conference will allow New York's delegation to prepare for the 1991 White House Conference.

HEALTH AND RELATED SERVICES

Response to the Health Care Colloquia

Last Spring, I initiated a series of colloquia to understand better the stresses affecting the State's health care delivery system. I heard from hospital trustees, administrators and associations, physicians, nurses, representatives of labor, patient advocates and payers. These sessions brought into focus the complexities of the health system and the broad range of demands that strain current resources. AIDS and the scourge of crack and other drugs have added immeasurably to the demands on the hospital sector, but they only serve to highlight the inadequacies of primary care and preventive services.

There were many worthwhile recommendations advanced during the colloquia, and this process was instrumental in helping us develop an initial agenda for the next decade. The desire for an infusion of funding for the whole range of service providers was a recurrent theme. While a greater investment in our most important asset -- a healthy populace -- is justified, we cannot hope to meet everyone's expectations. We must, therefore, choose opportunities carefully, where they will do the most good. In light of the high priority placed by colloquia participants on improvements in primary care, I have become convinced that we cannot continue to support the existing health care system without making fundamental changes. We must address the problem of people who, lacking access to primary, preventive care, first enter the health care system when they are very sick and require expensive interventions. An investment today in primary care will result in an avoidance of costs in the future.

o Primary Care

For too many New Yorkers, basic primary care is an unavailable luxury; the emergency department of an inner-city hospital or no care at all is the reality. This problem of late or emergency care is one of the major contributors to overwhelmed hospital emergency departments and clinics and is a significant source of unnecessary hospitalization. A strong consensus emerged from virtually all colloquia participants that our health care system must reemphasize primary and preventive health care. To ensure access to such care will require a program that provides health care coverage for the uninsured and that expands significantly primary care services, particularly in our inner city and rural communities.

To stimulate the development of care in areas of greatest need, I will propose major reforms in payment for primary care. This will include a substantial increase in the Medicaid Fee Schedule for those physicians caring for children who agree to provide 24-hour-a-day coverage, assume additional responsibilities to arrange for needed acute, specialty or ancillary services, and provide services in underserved areas. For institutional providers, hospitals and neighborhood health centers, I will propose the adoption of the Primary Ambulatory Care System (PACS) as the uniform basis for reimbursement. This innovative system has been successfully tested over the last year, and it strongly encourages comprehensive care by combining payments for professional services with necessary diagnostic tests and procedures. Increased reimbursement, particularly for hospitals, will require that primary care services meet

new standards for quality and accessibility and also require that more services be moved out of the hospital setting and into underserved communities.

New York's community health centers have also faced a growing burden providing health care to the uninsured. I will propose legislation that will yield financial benefits for community health centers by incorporating a financial allowance in the Medicaid rates to compensate for a health center's losses for services provided to low income uninsured patients.

In the long run we will not be able to increase availability of primary care physicians unless we can assure a steady supply of these physicians to those areas and population groups with the greatest needs. To address this issue, I will work with the Council on Graduate Medical Education to begin implementation of their recommendations. I will propose changes in hospital reimbursement to encourage strongly the training of more primary care physicians. I will also propose strengthening the criteria for selection and placement of state service obligated physicians and others in sites that serve high need areas and populations.

o Acute Care Financing

The hospital industry argued strongly for an immediate and substantial infusion of funds. While there may be room to debate the degree of fiscal pressure, there is no doubt that labor shortages, combined with increasing demands for services from AIDS patients, the homeless and an expanding drug abusing population have increased stresses on the hospital sector. Before the end of last year's legislative session, a portion of the hospital providers' needs were addressed positively -- case mix limits were increased and Medicaid eligibility levels for indigent pregnant women and infants were raised substantially.

This coming year we will propose the next extension of the hospital reimbursement system. Of primary importance in this extension will be the treatment of the uninsured. It has been estimated that there are 2.5 million New Yorkers, including over 1 million children, who lack essential health care coverage. I will propose an increase in the bad debt and charity care pool and use pool funds to finance a program that provides children access to health insurance.

Based on recommendations from the colloquia, I will also attempt to insure that the reimbursement system offers the opportunity for a greater link between payment levels and the measurement and delivery of high quality care. We will begin by supporting a demonstration project that makes reimbursement a function of patient outcome. We will also seek to fund regional quality assurance efforts that measure quality outcomes and severity of illness. This information will assist us in future discussions on the reimbursement of hospital care.

o Health Personnel Shortages

A major difficulty encountered by health providers across the state has been the shortage of health workers. This is true not only in urban areas but also in our rural communities. These shortages of nurses, therapists, technicians, home health workers and others threaten the ability of our health system to respond effectively to the needs of New Yorkers. Based on the report of the Labor-Health Industry Task Force on Health Personnel, the State, in collaboration with health providers, educators and others, has begun to implement a number

of innovative strategies. These include: assisting career mobility for thousands of entry-level workers that have demonstrated their commitment to health services; linking youth programs and health facilities to promote mentorships and valuable work experience and exposure to health careers; support for day care for children of health workers; and increases in service-conditioned scholarships. These initiatives have been supported by both grants and higher reimbursement rates.

We must do more in the coming year. First, we will continue support for health personnel initiatives through reimbursement rate adjustments. The Health Services Corps will be expanded to include a new component targeted toward students who agree to work in a rural setting. Second, we will find better ways to use existing staff. Technology and reductions in paper work can help free up time for our scare supply of skilled workers and to improve worker satisfaction. To this end, I will submit legislation to authorize health workforce demonstrations and evaluations. This bill will also authorize a Health Workforce Advisory Council to give us the needed forum for health providers, unions, educators, the job training community and others involved with health workers. I will support changes in adult education and training programs that will make available these important sources of support for health worker advancement and recruitment. Finally, we must address the unsatisfactory performance of the graduates of New York State's nursing schools with regard to passage of the licensure exam. I will direct Dr. David Axelrod, State Health Commissioner, to work cooperatively with State Education Commissioner Thomas Sobol to develop strategies to improve the performance of these schools and their graduates.

o **Organization of the Health Care System**

One of the more constructive discussions of the colloquia related to the opportunities to reform or restructure the hospital sector -- to achieve a more efficient operation and to establish better standards of medical efficacy. The participants appealed for both a process and adequate time to accomplish needed changes. To respond, I will appoint a panel of management and medical experts to review current hospital organizational capacity and medical practice standards, and to make recommendations for change.

Hospital administrators frequently cited regulatory "micromanagement" as a barrier to internal flexibility and change. While our responsibility to protect the public makes it impossible to forego necessary regulatory efforts, those efforts we do undertake should be oriented toward patient-outcomes, and should not stifle initiative. I recommit us to these objectives. To assist providers in dealing with multiple regulations, I will ask the Health Department to aggregate the effective dates for its regulations, wherever practical, so that changes can be anticipated semi-annually rather than monthly. Also, on a demonstration basis, we will allow selected facilities to have greater flexibility in meeting the goals of certain components of the hospital code. If this proves successful, we will expand this concept to cover more of the regulations and facilities.

o Professional Medical Conduct

The current process for disciplining physicians must be streamlined. The process now involves two State agencies and numerous levels of review. This disciplinary process does not protect the public, because during the process the physician accused of misconduct continues to practice. It also does not help the physician who is forced to endure and pay for representation in protracted legal proceedings. I will propose legislation that eliminates both the Commissioner of Health and the Board of Regents from the review of specific disciplinary cases. This reform will expedite and simplify disposition of cases while preserving the essential procedural protections for the physician. It will enhance review of specific cases by physicians and laypersons on the State Board for Professional Medical Conduct.

o Health Care Advisory Council

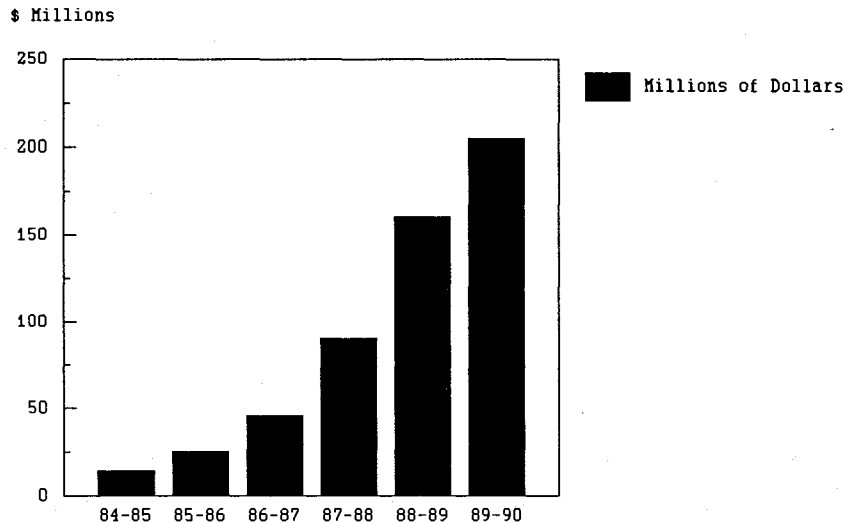
The importance of an improved vehicle for communication with the health care industry was demonstrated by the colloquia process. To maintain this momentum, I will appoint a Governor's Health Care Advisory Council, which will offer a forum for participants in the health care arena -- providers, payers, labor and consumers alike -- to offer continuing advice on the health care needs of the public. This Council will meet periodically with the Governor. Modeled on our successful Business and Environmental Advisory Councils, we will ask this body to provide recommendations on all aspects of State activity with regard to the provision of and payment for health care. As a first order of business, I will ask this Advisory Council to review current spending patterns for primary care, acute care and long-term care, and to recommend future spending priorities.

AIDS

AIDS has been, and continues to be, the greatest challenge facing our health and human services care systems. In New York, we have seen the rate of AIDS cases grow exponentially; the stress on our social and health care resources is enormous. The effect is being felt in communities that are already disenfranchised -- gay men, drug users, poor minorities, communities which many would simply seek to ignore. We cannot and will not allow this to happen.

No state in the nation has done more than we have to stem the rate of infection and to provide care for persons with HIV infection and AIDS. The State Five Year Plan for AIDS, which I released last year, outlines our strategy for dealing with this crisis. And the community based organizations have, since the very beginning of this epidemic, been in the forefront of providing education, social and health care services. We owe them a great debt. Government alone surely could not have reached all the individuals who have been touched by these organizations, nor done it in such a humane manner.

AIDS Funding History By State Fiscal Year



We are entering a new decade, and a new era in AIDS and HIV infection. For the first time, we are now able to offer some hope, in the form of early medical intervention, for those who are HIV seropositive but have not yet developed symptoms. We must do everything within our power to provide life-saving and life-improving benefits to those with HIV infection or AIDS.

As knowledge about HIV infection increases, we must continually reassess our direction and programs to ensure our efforts reflect the most recent scientific and medical developments. I have therefore directed the AIDS Advisory Council, with the assistance of the AIDS Institute, to review our State Five Year Plan for AIDS to ensure that it represents the best means for confronting this problem based on current knowledge. As the epidemic continues to unfold, we may very well have to make adjustments in our efforts to respond in a timely fashion.

I am particularly concerned about the rapid increase in cases of HIV infection among women and children, especially women and children of color. AIDS is now the leading cause of death for women between the ages of 25 to 34 in New York City, and is predicted to become the leading cause of death for women of reproductive age within the next 5 years.

In response to this critical need, I will direct the AIDS Institute, working with the Department of Social Services, the Divisions of Substance Abuse Services and Alcoholism and Alcohol Abuse and the Division for Women, to develop a plan to substantially increase access for this population to health care, including preventive services and substance abuse treatment. I propose that we integrate HIV outreach, education and peer support into programs at housing sites, especially those programs which serve large numbers of at risk individuals. My initiatives in this respect will increase the opportunity for women at risk to access HIV

information, assess their own risk, make decisions about testing and partner notification, receive referrals to primary care and supportive services, and address family planning issues.

I will also propose additional funding for community-based organizations to provide HIV education, counseling and peer support services to women with HIV infection and to those women who are not HIV infected, yet engage in high risk behavior.

Based upon our monitoring efforts, we know that at least 3,300 babies were born to HIV-infected mothers in the last two years. Thirty to forty percent of these infants will actually be infected themselves. The Departments of Health and Social Services have taken a number of actions, which will be intensified this year, to help assure that medical and human services are available for HIV-infected women who give birth and for their babies. In cooperation with hospitals, clinics and private health care providers, a special effort will focus on providing women the opportunity to be counseled and tested for HIV prior to conception and during pregnancy. However, many women who are infected with HIV do not routinely utilize the health care system, even for pre-natal care. For these women, HIV education and the offer of counseling and testing will be extended at time of delivery, as well.

Outreach workers are often the only ones able to reach substance using women, the homeless and broken families who are frequently hard to reach, non-compliant or lost to follow-up after discharge. This year I will augment the AIDS Designated Care Centers (DCC) case management services through the use of workers, placed in community-based organizations providing services to people with HIV infection, who will provide intensive outreach and follow up.

I will provide resources to expand prevention efforts targeted to high risk adolescents. These programs will conduct outreach, provide prevention/risk reduction education, and linkages to health and social services for homeless and troubled adolescents in underserved areas of New York City and in upstate urban areas. I will also fund community health centers and providers of comprehensive primary care to develop pilot adolescent-focused primary health care services for medically indigent adolescents infected with HIV and those at high risk of HIV infection.

As our knowledge about medical interventions increases, we must redouble our efforts to ensure that health care services, and particularly primary health care, are available. Last year, we moved forward with a schedule of reimbursement rates for HIV-related clinical services in health care settings. This approach, which has again placed New York State in the forefront of the nation's response to this problem, is now revolutionizing HIV care throughout the state.

There are still other steps to take, and this year we will continue our progress. We will expand the AIDS Intervention Management System (AIMS) program to include quality reviews of primary care provider networks (community health centers, diagnostic and treatment centers, drug treatment programs, mobile vans) and their operational linkages to AIDS centers. This activity will review the provision of primary care services to persons with early HIV disease including monitoring of medical interventions, chemoprophylaxis drug treatment, psychosocial counseling and case management.

The strain that the HIV epidemic has put on our health care system is reflected in staffing shortages and recruiting difficulties for physicians, nurses and other professionals. I have directed the AIDS Advisory Council and the AIDS Institute to explore the development of a Fellowship Program for Physicians to train in AIDS and substance abuse with public and private organizations. We need a cadre of health professionals trained in these specialties to form the core of our response to this crisis.

My budget will include continued and expanded support for the community based organizations (CBOs), which have served as our front line of defense. I will also provide additional support for outreach, education and peer support services through subcontracts with CBOs within the minority community and through the expansion of services provided by minority CBOs currently under contract.

The AIDS Institute has already begun to create an HIV regional strategic planning process throughout New York State consistent with our AIDS Five Year Plan. I will continue to support this process, which will involve New York's eight Health Systems Agencies (HSA) and result in the development of regional coalitions composed of essential public and private sector representatives including local governments, community service programs, providers, advocates and persons with AIDS. The eight HSA coalitions will advise the AIDS Institute with respect to developing and updating the AIDS Five Year Plan.

We need to continue developing a flexible continuum of care for homeless people with AIDS-related illness. I am proposing to continue our special program of emergency shelter allowances, also known as rent supplements, and explore expanding the eligibility to other HIV-related conditions. This program enables those with AIDS-related illness to retain their homes, or for those who are already homeless to be re-housed in a permanent setting more easily and quickly.

Last year, New York State embarked on an innovative program to meet the residential care needs of persons with AIDS. Andrew Cuomo and his H.E.L.P. organization showed us, once again, that it is indeed possible to do more with less. They proved again that public/private partnerships can produce models whereby the voluntary sector can provide specialized care in a newly constructed, well designed facility for the needy at less cost than government currently spends. Working with our Department of Health, its AIDS Institute, and two not-for-profit organizations, H.E.L.P. established a program to develop health related facilities that would provide competent and compassionate care in a home-like setting. This new program, called HELP/Project Samaritan, Inc., is now under construction in the Bronx and is scheduled to open in 1990 to provide residential care to 66 individuals. HELP/PSI is a unique and exciting model and is the first public AIDS residential facility in the country. We must build upon its success. I have, therefore, directed the Department of Health to replicate this model during the coming year to create hundreds of more beds for persons with AIDS.

For those individuals with AIDS/HIV who are in need of housing with additional supportive programs, I will again introduce legislation to revise the current Supplemental Security Income (SSI) Level III state supplement with a new supplement for persons with AIDS who reside in specially designated adult care facilities (ACF's). At present, most persons with AIDS are cared for at home or in hospitals. All too often, "home" is either a hotel room

or other inadequate setting or hospitalization that continues long after acute care needs have passed. AIDS-specific ACF's, developed by the Department of Social Services in close conjunction with Department of Health development of AIDS-specific residential health care facilities, will provide an appropriate array of alternatives.

In order to increase the number of permanent supportive housing units available for homeless persons with AIDS, I am also proposing the establishment of a Homeless Housing Revolving Loan fund. This proposal will provide interim loans, or in some case, long-term financing, to those projects with reimbursement rates than may cover substantial debt service. Eligible projects would include, but not be limited to, adult care facilities for persons with AIDS, family shelters, and other licensed State residential care facilities. My budget will also include an increase in the Homeless Housing Assistance Program specifically to assist the development of AIDS-related housing.

The increasing number of homeless and impoverished families where one or more members has an alcohol or substance abuse problem constitutes a particular risk of HIV infection, so we must also integrate HIV outreach, education and peer support programs within these treatment centers. I will propose increased funding to expand and integrate drug and alcohol treatment centers within our Tier II Family Shelter System.

Many people with AIDS/HIV-related illness are in jeopardy of losing their health insurance coverage when they become unemployed, and will ultimately become impoverished and eligible for Medicaid. I will propose legislation that would authorize the Medicaid program to continue to pay for health insurance premiums for these individuals whose household incomes do not exceed 185 percent of the comparable federal poverty line.

For the persons with AIDS/HIV-related illness who are Medicaid eligible, I will propose increasing Medicaid payments to physicians and dentists in order to accommodate better the growing primary health care needs of this population.

As a consequence of the precipitous rise in the number of incarcerated drug abusers, the correctional system has increasing numbers of HIV-infected inmates and hundreds with symptomatic AIDS. In State prisons at this very moment, there are over 800 inmates officially documented as suffering with AIDS, and the likelihood is that many more inmates are afflicted with the disease. Their care is our responsibility. We must commit more resources and develop new strategies for dealing effectively with this profound problem.

New medical evidence confirms that early intervention in the AIDS cycle can make a difference. Therefore, the Department of Correctional Services will institute a series of efforts to improve access to life-prolonging medical services, including new and improved AIDS monitoring and screening procedures, increased voluntary testing, quarterly monitoring of those testing positive for the HIV virus and pre- and post-test counseling. In addition, inmates whose resistance to opportunistic infections reaches dangerously low levels, even without symptoms of the disease, will be given AZT and other drugs when necessary.

But even these steps will not be enough. We now have inmates suffering from AIDS languishing in \$500 per day acute care hospital beds and prison infirmaries who could be much

better cared for elsewhere. To that end, we propose to create a long-term care facility for the treatment of inmates suffering with AIDS and others requiring long-term health care.

I will propose the expansion of the State Department of Health Prison Initiative now under development to provide additional prevention teams serving State prisons. The teams will provide HIV education for inmates, corrections officers and administrators, as well as HIV counseling and testing and assistance to correctional facilities, with linkages to health, drug treatment and other services.

AIDS is the leading cause of death among parolees. The risk of HIV infection to parolees, many of whom have abused intravenous drugs, is unquestioned. The risk to sex partners and unborn children is enormous.

AIDS intensifies the challenge of responding to the physical and mental health problems of parolees. Parolees and their families frequently lack information and access to HIV-related support services, legal services, and health care. Programs are needed to serve as a central referral resource for parolees, to assess individual client and family needs, to develop service plans and to provide hands-on assistance connecting parolees and their families to appropriate services in the community. I will propose funding for several community-based programs to provide these types of services to parolees and their families.

Despite all of our efforts and all of our commitment, we will continue to fall short in meeting the need because the Federal Government has played an all too little role in combatting the HIV/AIDS epidemic nationally. The federal commitment has fallen far short of the demonstrated need; New York State, with 23 percent of all AIDS cases, has received disproportionate and inadequate funding. It is essential that we become much more aggressive in pursuing additional federal support to assist us in dealing with the ravages of this epidemic. We should do it together, as part of a bipartisan effort, to make clear to Washington the truth and the urgency of our needs.

Insurance Coverage

Individuals who are terminally ill and whose resources have been depleted because of expenses for medical care and an inability to continue employment often find that meeting their financial needs is impossible. Similar circumstances apply for some individuals with chronic illnesses who are in need of long term care services. Ironically, many of these individuals carry life insurance policies that will pay sizeable benefits upon their deaths.

To offer an alternative source of funding to meet the needs of the terminally ill and those in need of long term care services, I will submit legislation that would expand the current definition of life insurance to allow individuals to use their life insurance policies for the purpose of providing "living benefits." These benefits will be payable upon the diagnosis of a terminal illness and may be used for all expenses, including long term care services.

Last year we brought the insurance industry and the consumer community together to discuss issues of common concern regarding the collection, use and disclosure of information

gathered in connection with insurance policies. While we were unable to reach a consensus on every issue, we started a positive dialogue.

We shall continue these discussions, and this year I will propose legislation to require that factors such as sexual orientation and lifestyle should not be considered in underwriting decisions. I will ask the Insurance Department to examine ways to improve access to insurance coverage for individuals who are members of groups that have been unfairly denied coverage in the past due to discrimination based on sexual orientation.

Small businesses often lack access to information with which to make decisions about the purchase of health insurance for their employees. I will direct the Department of Economic Development, working with the Department of Health and the Insurance Department, to prepare a booklet that describes the various types of insurance available, including the most cost effective options in health care.

Task Force on Life and Law

In 1985, I created the Task Force on Life and Law to develop public policy on a range of issues arising from recent advances in medical technology. Its work has consistently been thoughtful and responsible, and was the catalyst for the Do Not Resuscitate legislation as well as regulations setting standards for the determination of death. I will again propose legislation relating to health care proxies, surrogate parenting and organ transplantation.

The organ transplant proposal would create a Transplant Council to advise the Commissioner of Health on matters relating to organ procurement and allocation and would authorize the Department of Health to license and regulate public involvement and accountability in the formulation of transplant policies relating to public donations of organs, public funding of transplantation and decisions about patient selection.

Legislation will be proposed to declare surrogate parenting contracts void as against public policy and to prohibit payment or receipt of compensation in connection with a surrogate parenting contract. This proposal is designed to eliminate commercial surrogate parenting and the potential for growth of a business or industry devoted to making money from human reproduction and the birth of children. Surrogate parenting places children at risk and undermines the dignity of women, children, human reproduction and the relationship between parents and their children.

The health care proxy legislation would authorize a person to appoint a health care agent to make health care decisions for that person when the person no longer has the capacity to make health care decisions for himself or herself. This legislation will protect and enhance the ability of competent adults to decide about treatment by allowing the appointment of a health care agent to act on their behalf in the event they lose the ability to make their own treatment decisions. The proposal also provides direction and guidelines to patients, their families, physicians and hospitals about written documents expressing treatment decisions and the validity of documents appointing an agent for health care.

Lyme Disease

A rapid increase in Lyme disease is occurring in New York State. The number of cases reported annually in New York has increased dramatically and totals over 6,000 cases since 1982. Between 1987 and 1988, a nearly three-fold increase in confirmed cases occurred, with the case numbers rising from 877 to 2,553. Preliminary data for 1989 indicates that the number of cases has exceeded 1988 reports by 33 percent. Cases of Lyme disease reported from New York constituted 56 percent of all Lyme disease reported on a national basis during 1988, while 44 percent of all nationally reported cases were residents of just two counties, Westchester and Suffolk.

New York State must respond aggressively to this burgeoning public health threat. To date, every licensed physician and veterinarian has been contacted by the Department of Health and other State agencies. The Department of Health is coordinating a statewide effort by all relevant State agencies to increase public understanding of the nature of the threat. Research is being performed to find ways to control the tick in an environmentally acceptable manner. The Department of Health and the newly created Tick-Borne Disease Institute are actively working to remove this health threat to New Yorkers.

Roswell Park Memorial Institute

The restoration of Roswell Park Memorial Institute, a priority of this administration, is proceeding as planned. Last year, funds were made available to permit the world renowned cancer research and treatment Institute to accelerate recruitment of physicians and to begin the necessary capital improvements.

In August, the State Health Department and SUNY at Buffalo completed negotiations on a medical affiliation agreement to carry out our plans to strengthen the medical staff. As a result, a number of highly qualified physicians have been recruited to enhance the excellence of care offered by Roswell Park. Additions to the departments of medicine and radiology are particularly significant.

Design for a bone marrow transplant unit to be ready for use by July 1991 has begun. Also, design of a magnetic resonance imaging center and improved patient units at the Institute has been initiated by the Office of General Services; these will be completed and in operation later this year. Negotiations for a contractor to develop a master campus plan, including upgraded clinical facilities, have been completed by OGS. We expect the master planning to be completed by the end of this year.

I have also directed Commissioner Axelrod to review current State operating processes to assure that the administrators of Roswell Park and other Department of Health health care facilities have appropriate operational flexibility to assure strong, competitive programs capable of building from the investments that we are making.

Aging

As our citizens age, we must do everything we can to allow them to continue living in their homes for as long as possible. In many instances, providing even minimal support will prevent or delay institutionalization. Approximately one quarter of the elderly age 65 and over require support with personal care. Such support must be provided not only directly to older New Yorkers but also to bolster and sustain the heroic contributions of family members and friends who currently provide 80 percent of all personal care to the dependent elderly. Often families are pushed beyond their limits and means to keep their parents at home and out of nursing homes. The caregiving role, when added to family, job, personal and social responsibilities can result in great personal cost, financial strain, physical deterioration, and emotional stress. Without respite, families can burn out quickly under such stressful burdens and responsibilities.

It is a mistake to view informal care as something that, if left unsupported, will always exist. Accordingly I will expand a coordinated approach to providing critical assistance to these families.

In 1986, I created the Expanded In-Home Services for the Elderly Program (EISEP) to provide community based care for the frail elderly who do not qualify for Medicaid. It has been estimated that over 100,000 persons across the State are currently eligible for and in need of EISEP. There are 4,000 persons on waiting lists for this program, and, in numerous counties, agencies have had to limit or eliminate outreach activities. Thus, I will propose a substantial increase in this program, which has proven to be not only a life saver to many persons but also a money saver. As part of this increase we will seek to expand significantly the respite service component of EISEP.

I will also ask Jane Gould, Director of the State Office for the Aging, to establish Caregiver Resource Centers in Area Agencies on Aging across New York State. These centers will serve as a central focal point to which the large corps of caregiving family members and friends can turn for information, counseling, training and other supports including access to respite service.

I will also propose the development of an Assisted Living Program which will strengthen a person's ability to remain independent for as long as possible while providing help to compensate for the physical impairments that often come with aging. The program will be available to those who would qualify for placement in a residential health care facility. The Assisted Living Program will provide a broad range of health and social services to the program participants. Implementation of this program will serve as yet another less costly and less restrictive long-term care alternative which will allow more New Yorkers to grow old with dignity.

Last year, I signed legislation which authorized the development of Life Care Communities in New York State. In these communities, those who have paid the necessary entry fee are assured of receiving all the health care services they will need for the rest of their lives. However, for many moderate income New Yorkers, the fees may make this type of program inaccessible. Therefore, I am directing the Office for the Aging and the Division of Veteran

Affairs, in conjunction with the Department of Health and the Office of General Services, to work with elderly and veteran advocacy groups to explore the option of Life Care to older persons who have the need for a continuum of housing and services but do not have the financial means.

For the past two years, I have submitted legislation to prohibit physicians from charging Medicare beneficiaries more than the reasonable charge established by the Federal government. Unfortunately, the Legislature has been unwilling to approve this bill. I will again submit this legislation, and I encourage the Legislature to support it. In addition, I will establish an advisory group to look at alternative ways to enhance access for Medicare recipients to necessary health care.

I remain concerned that the Elderly Pharmaceutical Insurance Coverage (EPIC) program is not reaching the neediest elderly due to the complicated structure of the program. Therefore, I will again propose legislation to simplify EPIC so that those who are eligible can benefit from this important program.

The decisions about purchasing insurance to supplement Medicare coverage have always been difficult for senior citizens, family members and others. Deciphering the intricacies of any insurance policy is not an easy task. There is a great deal of confusion about the type and amount of supplemental coverage that should be purchased. Elderly persons purchase duplicative policies without knowing or, even worse, succumb to high-pressure sales tactics.

In order to prevent this, I will ask the Office for the Aging to work with the Insurance Department and the Consumer Protection Board to develop a health insurance consumer information network throughout New York State. This network will ensure that elderly consumers have available to them the information needed to make informed decisions about the purchase of Medicare Supplemental policies and Long Term Care insurance.

Another critical concern facing the elderly is their economic status. In spite of advances in the past decade, one of every three older New Yorkers still lives in poverty or near poverty. At the same time, health care cost and the out-of-pocket expenditures by older persons continue to place major burdens on their financial situation. Multiple approaches to relieve their strained economic status are needed.

We must first ensure that the elderly are protected from unwarranted taxes. Some have recommended that we change our 1984 decision not to impose a state tax on Social Security benefits. I am committed to that decision and will strenuously oppose any attempt to tax these benefits.

Because low-income elderly and disabled Americans across the country depend upon the federal Supplemental Security Income (SSI) program as their sole means of support, I will call upon our congressional delegation to join me in convincing the federal government to raise the SSI benefit at least up to the poverty level.

But the poorest of the poor elderly and disabled are those who, although eligible, are not even enrolled in SSI and who therefore receive no benefit at all. It is estimated that 50% of

elderly individuals eligible for this program are not participating. To combat this tragedy, I am proposing an expansion of the State Office for the Aging's SSI Outreach Program in order to reach this most vulnerable population across New York State.

Huge differences exist between the economic status of those elderly who work and those who do not. Non-workers depend mainly on Social Security, pensions and SSI; and as a result, their incomes are lower and many are in poverty or near poverty. At the same time, we face critical workforce shortages, and I believe older citizens represent an untapped resource to address them. The personal attributes of older workers are often highly desirable in the marketplace. These attributes may be particular knowledge, job experience, or the individual stability that accompanies maturity.

The Job Training Partnership Council and the State Office for the Aging will co-chair a Task Force which will investigate the need for business education, expanded skill training and workforce literacy needs from the perspective of both employers and older workers.

This initiative will focus on many critical areas of labor force shortage -- from child care and health care through science and technology. We will clarify strategies that both the public and private sectors can use to create real work options for the older working population, simultaneously reducing workforce shortages and enhancing the economic status of our older residents.

Last year I promised that my human service agencies would develop a UNI-FORM (Universal Networking Information Form) which would allow elderly individuals to apply for a wide range of Federal and State assistance in one process. This year we will introduce that form in several selected communities and then expand it statewide.

Mental Health

New York State has the largest mental health system in the country. Since the beginning of my Administration we have undertaken major changes in this system. Our first efforts were directed to expanding the range and capacity of services available in the community. These efforts paid off -- we expanded the capacity of community residential programs from 2,959 in 1983 to 7,171 in 1989, an increase of more than 140 percent. At the same time, we nearly tripled funding for Community Support Services, going from \$34.4 million in 1983-84 to \$99.4 million in 1989-90. More than 3,000 individuals now receive Intensive Case Management, a 1988-89 initiative.

With this base established, we have been able to move forward to create a real system rather than a loosely knit array of services. We began to work more closely with local governments to define our respective roles and to fine tune funding streams and regulatory requirements. Our goal is to ensure that we both eliminate gaps and coordinate services so that all parts of the system support the common objectives of providing timely appropriate services and avoiding over-reliance on in-patient care.

One example of this kind of adjustment to the system is the agreement negotiated between the State and New York City which clearly defines the City's role in providing acute psychiatric

services and the State's responsibility for intermediate care. Cooperation between State and City mental health agencies has reduced overcrowding in municipal hospital psychiatric services. Another initiative which has great promise is the restructuring of Medicaid reimbursement methodologies for psychiatric services to provide incentives to serve those who are most severely ill. In addition, hospitals that are able to reduce recidivism through better management of discharges receive a higher rate of reimbursement.

Development of community residential and treatment program alternatives has made it possible for the Office of Mental Health successfully to decrease inappropriate hospitalization in State psychiatric centers, thus reducing the adult census from 21,573 in 1983 to the current low of 15,700. While the costs avoided by reducing the census have made it possible to increase our investment in the community, we have also been able to enhance the quality of care in psychiatric centers.

We will continue to build on these accomplishments during the coming year. The Office of Mental Health will restructure its State and local outpatient programs to ensure that more individuals who are seriously and persistently mentally ill have access to care and that the services available meet their needs. This restructuring will encourage the development of two new services -- partial hospitalization and intensive rehabilitation.

We will also expand Comprehensive Psychiatric Emergency Services, adding three new sites to the four authorized last year. Intensive Case Management, which has been highly successful at reducing hospitalization for seriously mentally ill individuals will grow to serve 1,000 additional children.

We will continue to develop community residential programs, authorizing the Office of Mental Health to develop 1,000 new supported housing beds. Over the next three years the Office of Mental Health will also begin operation of approximately 1,500 beds previously authorized.

Expansion of residential capacity is an essential component of efforts to serve individuals who are mentally ill and homeless. As part of our New York/New York initiative, the Office of Mental Health has been working with New York City to develop a joint City/State long range plan to meet the needs of these individuals. As our contribution to this effort, OMH will provide an additional 1,200 supported housing beds over the next two years and will provide mental health services to residents of SRO units planned by New York City.

Mental Retardation and Developmental Disabilities

The signing of the Willowbrook Consent Decree in 1975 signalled New York State's formal commitment to developing a community system of care for persons with mental retardation and developmental disabilities. Our substantial investment in achieving this goal has resulted in remarkable progress. By March of this year, we will have increased the number of individuals living in community residences and intermediate care facilities to 18,200 -- 9,340 more than in March of 1983. During the same period, we have increased the capacity of day programs from 25,000 to more than 40,000. Our success at community development has permitted us to reduce the census of developmental centers by one-third. We have already closed Staten

Island, Westchester, Rome and Craig Developmental Centers, and will soon close three more -- Newark, Bronx and Manhattan.

In making these changes, we have vastly improved care; equally important, we have increased the number of individuals who receive these badly needed services. While only 26,000 received residential services in 1983, today nearly 30,000 individuals now live in OMRDD-operated or funded programs.

We have good reason to be proud of these accomplishments. Current fiscal constraints have forced us to slow the pace of new development, but the urgent need for expansion continues. Therefore, I propose that OMRDD begin development of 1,500 new community beds, with half of these to be available to individuals now living with their families. OMRDD will also create 1,500 new day program slots.

We will also expand support for families who choose to care for a relative who is developmentally disabled at home and increase the very successful Family Support Services Program to serve 1,000 additional families.

I am reviewing the recommendations of the Task Force on Advocacy Services to determine the best way to assure that advocacy services are available to people with developmental disabilities to support them as full participants in charting their own future.

Expansion of the service system has affected many individuals. Ironically, there is a group of individuals whose needs are very similar to those in our programs, but who receive little or no benefit because their disability began after their eighteenth birthday. Consistent with federal law, I will submit legislation raising from eighteen to twenty-two the age before which a disability must occur to be considered a developmental disability.

Domestic Violence

Domestic violence is a serious crime with far reaching and tragic consequences. It touches every citizen of this State, as it is at the root of much of the suffering experienced by families today. We know that family violence is a major cause of homelessness among women and children, of juvenile delinquency and criminality and of a range of serious behavioral and emotional problems experienced by affected family members. New York remains committed to alleviating the profound impact of these crimes.

On April 19, 1989, I issued Executive Order 123, establishing the New York State Office for the Prevention of Domestic Violence. The Office, which replaces the former Commission on Domestic Violence, makes permanent and strengthens this State's commitment to addressing the problems associated with domestic violence. The Office provides the State with greater ability to support appropriate services for all family members affected by domestic violence and a centralized mechanism for coordinating education and training activities.

Curricula have been developed and training delivered to a wide range of professionals including health care providers, criminal justice professionals, mental health care workers, local departments of social services' staff and alcohol counselors. Last year, over 2,200 service

providers from around the State received training presented by the Office. The Office also successfully completed production of two training films: "It's Not Okay", a general awareness film produced in conjunction with a full length documentary for Home Box Office by Feury Productions, Inc.; and a training video for police departments on pro-arrest policies and procedures.

The Office is now working with the State Division of Probation and Correctional Alternatives on the establishment of a three-year pilot project to support community-based education and counseling programs for men who batter. This program is the first in New York State to provide funding through the criminal justice system for these offender programs and to require that a cooperative community consortium be created to oversee the local programs. For the first time, an effort will be made to evaluate the effectiveness of the programs as part of the local service community. Funds for these local programs are being allocated on a competitive basis in response to a Request for Proposal.

For the past ten years, New York has worked to support critically needed shelters and services for victims and children affected by domestic violence. We will continue to support these services and to find ways to prevent the continuation of the cycle of violence. At the same time we recognize that services must be provided to people who abuse family members or their violent behavior will most certainly continue. Thus, we hope that these batterer education programs will become integral parts of the local service communities and that they will help prevent the continuation and escalation of this violence.

Assistance for Immigrants and Refugees

For generations of immigrants from around the world, the United States has offered the promise of a better life with greater economic opportunity and freedom. New York continues to be the gateway to a new life for tens of thousands of new immigrants each year, including the increasing numbers of refugees from Eastern Europe and the Soviet Union. Upon arrival, many face major problems associated with employment, child care, health services and schooling. Despite the heroic efforts of many organizations attempting to address these problems and the commitment of the private and voluntary sectors much remains to be done. I will propose a Welcome to America initiative and provide funds to expand services to these new groups of Americans.

Honoring and Serving New York's Veterans

Health care and access to maximum federal veterans benefits continue to be the primary needs of New York's community of 1.8 million veterans. The need for health care takes several forms: long-term and acute care, alcohol and drug abuse treatment, and mental health care are the most pressing needs.

There is a clear need for more skilled nursing beds for our veterans. Last year, I directed the Commissioner of Health and the Director of Veterans' Affairs to work with the United States Department of Veterans Affairs (VA) to pursue the possible financing of a new State veterans nursing home, complementing the home at Oxford and the home we are building at Stony Brook.

Today, I am directing Commissioner Axelrod and Director Tom Lewis to proceed with an application for New York's third State veterans nursing home, to be located in New York City, where half of our State's veterans live and where there is a substantial need for additional nursing home beds. Few states will have made such a commitment to provide skilled nursing care for their veterans. We will seek to finance the construction with a 65 percent capital construction match from the VA and 35 percent from bonds of the Dormitory Authority. We will not proceed without federal funds for construction and we are extremely concerned that our proposed State commitment be a supplement to the federal commitment. The federal government should underscore and enhance its commitment to serving our older veterans.

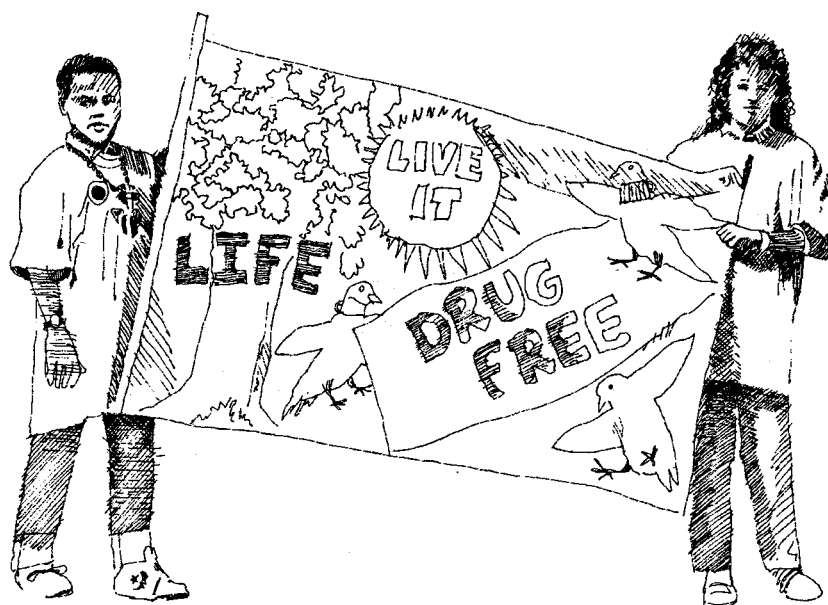
A large number of our veterans -- from all wars -- have suffered from alcohol and drug abuse, often specifically related to their military service. The Borden Avenue Veterans Residence in Queens, jointly supported by the State and the City of New York, provides 400 beds for homeless veterans. As many as 20,000 of New York City's homeless may be veterans. Many suffer from Post Traumatic Stress Disorder and alcohol and drug abuse. It is essential that treatment appropriate to veterans with multiple diagnoses be available. I am directing the Director of Substance Abuse Services to work with the Directors of Veterans' Affairs and Alcohol and Alcohol Abuse to create a residential drug and alcohol treatment center for veterans, preferably in the vicinity of the Borden Avenue residence. This new treatment center, along with existing federal VA outpatient and domiciliary facilities in New York City, will help provide the continuity of care necessary to help homeless veterans achieve the readjustment and rehabilitation they seek and deserve. Again, an enhanced federal commitment is required.

Veterans receiving federal benefits can pay a reasonable rent for housing. I am directing the Commissioner of Housing and Community Renewal to work with the Director of Veterans' Affairs to pursue a way to finance SRO housing and supportive services for veterans, perhaps using an income stream from federal benefits as collateral for the capitalization of construction costs.

Large numbers of older veterans are eligible for expanded federal pension benefits available to those who need home care or nursing care. These expanded benefits currently offset more than \$22 million a year in the State and local share of Medicaid costs for patients in nursing homes. I will provide new State veterans counselors at the Division of Veterans' Affairs to ensure that all veterans, and their families and survivors, obtain the maximum benefits to which they are entitled. This will help contain Medicaid expenditures and will assist our veterans and their families.

Last year, I asked the Director of Veterans' Affairs to sign a memorandum of agreement with the U.S. Department of Veterans Affairs that would enable the State and federal governments to cooperate more closely and formally in meeting the critical needs of veterans. This was done. A pathbreaking agreement was signed for the State by the Director of State Operations and Policy Management and the Director of Veterans' Affairs, and for the VA by its regional director and medical directors.

New York has more VA medical facilities than any other state. I am particularly concerned that the VA and the State work closely together in health care planning for veterans. Therefore, I am directing the Commissioner of Health and the Director of Veterans' Affairs to work with New York's congressional delegation and the VA to reach an agreement on joint health care planning, among other things, to prevent the closing of VA health care facilities in New York.



HOUSING FOR NEW YORKERS

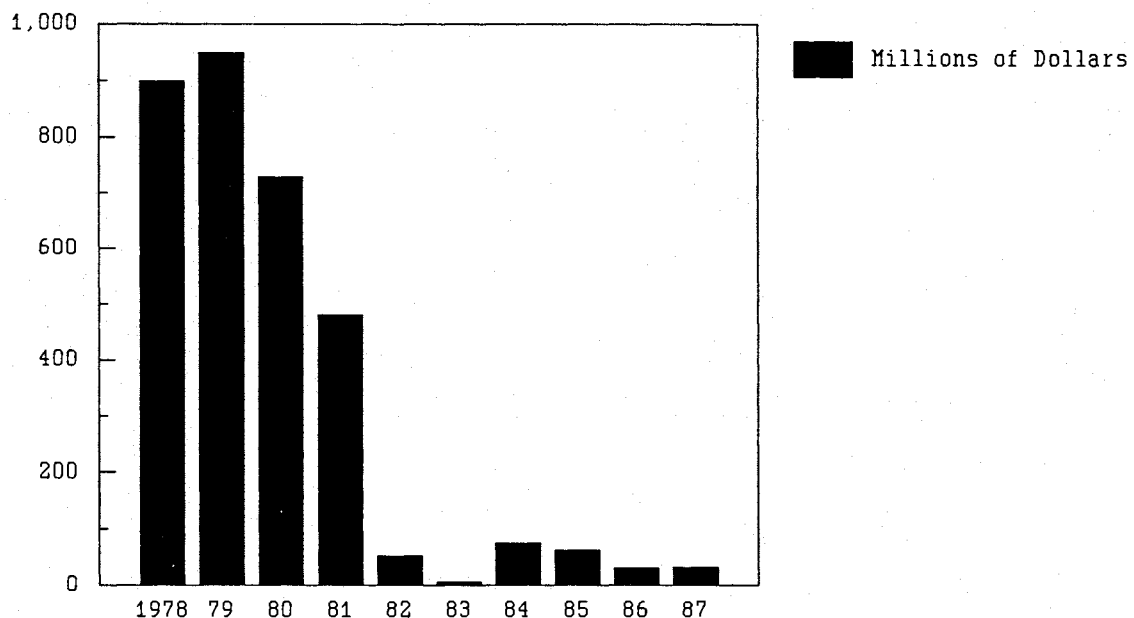
We face a housing crisis. It affects every resident of the State and seriously threatens our long-term economic health.

As our Housing Task Force observed last year: "A child without a decent place to sleep at night cannot concentrate the next day in school. People who are forced to live in crowded and miserable conditions are vulnerable to drugs, violence, and despair. And businesses, aware of the impact of housing costs, are likely to move their operations elsewhere if their workers are unable to find sufficient housing."

Therefore, improving and increasing the availability of affordable housing must continue to be major priorities of my administration.

Part of the difficulty in meeting this challenge is that we face not one housing problem, but several inter-related housing issues, including homelessness, the affordability crunch and declining rates of homeownership. Over 20,000 children in New York State are homeless today; thousands more have experienced homelessness over the last decade. The crisis of homelessness pervades the State. It knows no boundaries. It touches rural, suburban and urban communities, involving all racial, religious and ethnic groups. Westchester County, amid its affluence, has a higher incidence of homelessness than any other county in the State.

HUD Public Housing Construction Commitments in New York State



All too often, homeless families are simply those who can no longer devote an astronomical proportion of their incomes to housing. A recent national report found that 45 percent of all poor renter households in the nation paid at least 70 percent of their income for housing costs (including rent and utilities) in 1985. This means they faced the impossible choice of whether to buy clothes, or get needed medical care, eat three meals a day, or pay the rent.

For the first time in four decades the rate of homeownership in the United States has actually declined. Young families simply cannot afford to purchase their first home.

Responsibility for this housing crisis rests primarily with the federal government's retreat from its historic support of housing production. The reduction in federal support from approximately \$30 billion in fiscal 1980 to less than \$8 billion today has sharply curtailed the supply of affordable housing units and exacerbated every aspect of our housing problem. The State has suffered a cumulative loss of nearly \$20 billion since 1981 in Federal housing assistance.

New York's Response to this Crisis

Since 1983, no other state in the nation has been as creative and innovative as New York in addressing the problem of affordable housing. We have made available more State appropriations, bond authorizations and other sources of funds to address this problem than any other state.

We have created a variety of programs to address the needs of our residents and have adapted the capacities of our system to meet those needs. In order to increase the supply and quality of rental housing, we have developed workable programs such as the Housing Trust Fund, the Rural Rental Assistance Program, the Housing New York Program, the Permanent Housing for Homeless Families Program and the Enhanced Housing Trust Fund/Turnkey Program. All of these initiatives encourage the renovation of vacant and deteriorating buildings, as well as the creation of new rental housing.

We have also taken action to meet the needs of families who are ready to purchase homes but who are priced out of today's housing market. The Affordable Home Ownership Development Program of the Affordable Housing Corporation (AHC) uses State appropriations to provide capital grants for this purpose. The Infrastructure Development Demonstration Program, authorized by the Infrastructure Trust Fund legislation, has provided funds that assure the feasibility and reduce the cost of new homes. The Mobile Home Cooperative Fund Program provides loans that facilitate cooperative ownership of mobile home parks, thereby enhancing the long term security of residents and reducing their risk of dislocation.

The State of New York Mortgage Agency (SONYMA) uses the proceeds of tax-exempt bond sales to provide mortgages for first time home buyers. Since 1983 SONYMA has helped over 30,000 families achieve the goal of homeownership. In addition to its traditional reduced interest rate mortgage program, SONYMA has also used creative financing to develop the Modest Means and 5 Percent-No Points Option programs that have helped moderate-income

New Yorkers buy homes that would otherwise have been far too expensive for their limited means.

In order to extend SONYMA assistance to families whose incomes are too high to qualify for the agency's traditional programs, but who are unable to qualify for conventional mortgages, we enacted legislation that authorized SONYMA to issue taxable bonds. The leadership of Senator John Daly was especially helpful in this effort. The proceeds of these bonds will bring the possibility of home ownership within the reach of another segment of our community.

A great milestone was achieved this year which increases our ability to support the development of both rental and owner-occupied housing. In my 1989 Message, I encouraged SONYMA to do what was necessary to expand its Mortgage Insurance Program (MIP). The Legislature made that goal possible by passing Chapter 555 of the Laws of 1989. I am pleased to report to you that the MIP recently received investment grade ratings from Moody's for both its Project Insurance Division (Aa) and its Mortgage Insurance Division (Aa1). Robert Milano, Chairman of SONYMA, deserves praise for a job well done.

The Mortgage Insurance Program has enabled us to provide credit guarantees that have facilitated the rehabilitation of thousands of vacant apartments in New York City and supported the Housing Finance Agency's (HFA's) Secured Loan Rental Housing Program, which has financed 6,200 rental units, including almost 1,500 units backed by SONYMA, throughout the State. The new rating means we will be able to finance the multi-family and single family bond issuances of HFA and SONYMA at a lower cost, avoid the purchase of expensive credit enhancements from financial institutions, and provide housing to a larger number of families without increasing State appropriations.

In addition to renovating and building new units, it is essential that the State preserve our existing supply of affordable housing. Every unit we lose to deterioration is a step backward in terms of meeting the needs of our people. Our Public Housing Modernization, Housing Project Repair and Tenant Health and Safety programs provide needed resources to repair and improve state-assisted public and Mitchell-Lama housing. The HOPE Program (Housing Opportunities for the Elderly), which was first proposed by Assemblyman Pete Grannis, has been particularly successful in financing essential repairs to the homes of elderly New Yorkers of limited income so they can continue to live comfortably in their own homes.

While it is important to preserve existing housing units, increase opportunities for rental housing and improve home ownership possibilities, we are concentrating our greatest efforts in this state to address the most serious aspect of the housing crisis: homelessness. Since 1983, when the Homeless Housing Assistance Program (HHAP) was enacted as the nation's first capital construction program for the homeless, we have provided \$130 million through HHAP to fund capital programs sponsored by not-for-profit corporations and municipalities to expand housing for homeless persons. By the end of this fiscal year, 5,200 beds will be completed with funding provided by HHAP and, in addition, 1,800 beds will be under construction. HHAP will also have an additional 2,250 beds in the early stages of the development process.

We know how important it is to prevent homelessness, to allow families to make the transition back into permanent housing successfully and to provide necessary support services once those families secure permanent housing. The Homeless Prevention Program identifies persons at risk of homelessness and provides services to those facing eviction. The Housing Demonstration Program brings local social service districts together with community-based organizations to develop innovative approaches to increase the availability of permanent housing. The Rehousing Assistance Program provides grants to assist homeless families to locate and secure affordable permanent housing and assist them during the first year of their relocation. Working closely with New York City, the numbers of homeless families living in "welfare hotels" has been reduced from a high of 3,687 in 1987 to 1,693 in December 1989. We have also significantly increased the shelter allowance, even in the face of fiscal difficulties, and have developed the nation's most sophisticated transitional housing network.

A key component of this effort has been H.E.L.P., a nationally recognized model for meeting the needs of homeless people, developed by Andrew Cuomo. H.E.L.P. involves a unique partnership of state and local governments working together with the non-profit and private sectors to provide a compassionate alternative to welfare hotels. H.E.L.P. provides safe, decent shelter to homeless families, with appropriate on-site supportive services at a cost comparable to what government pays to warehouse men, women and children in welfare hotels. H.E.L.P. realized that homelessness is not simply a problem of providing housing units but a symptom of a more far-reaching social dilemma. H.E.L.P. has already constructed 260 units in Albany, Brooklyn and Mt. Vernon while an additional 384 are under construction in the Bronx and Suffolk counties. H.E.L.P. has another 269 units in the development stages. H.E.L.P., the largest provider of transitional housing in the country, has completed, under construction or in development, 913 units of housing with an approximate value of \$85 million. We can take pride that under the 1988 Stewart B. McKinney Act other states will receive financial support from the federal government to replicate H.E.L.P. in their own areas.

My administration has made a special effort to secure housing for those with special needs. The Division of Housing and Community Renewal (DHCR), the Housing Finance Agency (HFA), the Department of Social Services and the Office of Mental Health are working to provide thousands of units of housing and beds for single homeless individuals, people who are mentally disabled, people with AIDS, and other populations with special needs.

When we began the expansion of our programs to address this state's housing problems, we quickly realized the need to build a network of affordable housing providers who could sponsor rehabilitation and new construction projects as well as manage housing, counsel tenants and homeowners, revitalize communities and preserve our existing stock of affordable housing. By providing essential administrative funding to Neighborhood and Rural Preservation Companies, the State has helped to develop what is now an effective network of locally-based, not-for-profit housing experts who can deliver housing services to people who need them. These groups are at the front line of our effort to provide housing assistance.

We have expanded our capacity to provide housing services by working with special local groups such as the New York City Housing Partnership, the Long Island Housing Partnership and the Syracuse Housing Partnership in order to bring the strengths of both private and public sectors to meet the housing needs of various regions in the state. These organizations

combine State funding with a detailed understanding of local housing conditions. They possess a wealth of experience in housing finance and construction, and they work to develop housing for New Yorkers whose needs cannot be met by the efforts of the private sector alone.

We must also continue to work with all levels of government in order to make the implementation of the housing order in the City of Yonkers effective and workable for the whole community. My Yonkers Housing Task Force has participated in the successful effort to get additional funds from HUD to assure compatible and quality public housing for Yonkers. It will continue to provide assistance so that the necessary support and social services are available to the residents of the existing public housing and to those who will occupy the new units to be constructed under the desegregation order.

Finally, New York State has committed revenues from one of our most successful development projects -- Battery Park City -- to construct or rehabilitate thousands of units of low- and moderate-income housing in New York City. In light of the continuing success of Battery Park City and the fact that with this year's issuance the Housing New York Corporation will approach its statutory cap of \$400 million, I have asked David Emil, President of the Battery Park City Authority, to make recommendations to me early in the year on how this important housing program can be expanded.

Thus, we have gradually and prudently developed a flexible housing delivery system that, when matched with our catalogue of housing programs, can be used to tailor responses to the variety of housing needs and conditions throughout the State. Just as different housing problems require different solutions, our method of implementing those solutions must also be adaptable.

While we have created an array of successful housing programs and established partnerships with increasingly competent local sponsors and developers, we have also taken important steps to improve the efficiency and effectiveness of the State's housing activities.

In 1988, after we obtained passage of the single largest housing appropriation in the State's history, the \$326 million Infrastructure Trust Fund, I asked Lieutenant Governor Stan Lundine and Harry Albright, Chairman of the Dime Savings Bank, to examine the operations of our housing agencies and programs. The 1988 Housing Task Force report called upon us to strengthen our housing policy, improve the design and administration of housing programs, maximize public and private sector resources available to address housing problems and streamline the organization of the State's housing agencies.

In the last year, under the direction of the Lieutenant Governor, the Housing Subcabinet began to implement many of these recommendations. For example, we are now using State-owned lands to provide low-cost sites for affordable housing. Proposals for three projects are already underway. We are working with the Long Island Housing Partnership and Phipps Houses to develop part of Pilgrim Psychiatric Center into new housing for the elderly and family units to create an intergenerational community. We are also developing plans for two surplus State properties in Dutchess County. I will issue an Executive Order which for the first time establishes a rational process for transferring under-utilized State properties to use for housing and other appropriate State priorities.

Similarly, developers can now work with one lead agency as a result of a Memoranda of Understanding among DHCR, HFA, the Department of Social Services and the City of New York. Developers can also utilize a single application process, and we have been authorized by the Legislature to sub-allocate DHCR's resources to the Housing Trust Fund in order to streamline and simplify access to our programs.

In spite of the improvements that have been made in addressing the housing crisis, it remains abundantly clear that we must take additional steps to achieve our objectives. In particular, the Governor's Housing Task Force report stated that "the State should move toward an organizational structure that will reduce duplication, provide for greater coordination and direction, and allow the State to meet its responsibilities in the housing area more efficiently." We have concluded that the State's housing agencies must be thoroughly reorganized if we are to achieve maximum efficiency in housing preservation and development.

An Agenda for the 1990s

Reorganization

To achieve these objectives -- to improve further an already impressive affordable housing support system -- in 1990 I will propose the reorganization of the State's housing agencies. This reorganization will improve implementation of the State's housing programs by clarifying agency missions, eliminating overlapping responsibilities and realigning housing programs along functional lines.

Responsibility for all of the State's housing development and preservation activities will be consolidated in one agency, in order to improve the efficiency of those programs and to simplify the project development and approval process. That agency will also be responsible for managing the assets created by our various housing programs, ensuring that they are maintained and administered in accordance with statutory or regulatory requirements and objectives.

At the same time, we will begin to integrate the operations and staffs of the Housing Finance Agency and the State of New York Mortgage Agency and provide them with identical Boards of Directors. Combining the organizational structures of the two agencies will provide for better policy and programmatic coordination of our efforts to finance housing through the sale of bonds. Since each agency will remain in existence and continue to issue debt, the organizational goals established by the Task Force will be achieved without risk to the sound credit rating of each agency.

Finally, in accordance with the recommendations of both the Task Force and the Governor's Office of Management and Productivity (MAP), we will propose the creation of an independent Office of Rent Administration. This revised organizational structure will enhance administration of the State's rent regulatory responsibilities by creating an autonomous Office of Rent Administration with a unified mission and purpose. Rent Administration's size, complexity, distinct mission and the regulatory nature of its operations justify the need for

autonomy and for a management team dedicated solely to implementing this important function.

The activities of the State's reorganized housing agencies will be coordinated by a Director of Housing. The Office of the Director of Housing will oversee the development and implementation of the State's housing policy, the conduct of intergovernmental relations on the federal, state and local levels, the development of a strategic plan based upon information derived from the Housing Needs Analysis and the Statewide Housing Activity and Reporting System (SHARS), and coordination of the annual budget requests of our housing organizations. Additionally, the Director of Housing will be responsible for analyzing whether the existing array of housing programs should be consolidated or reconfigured in order to achieve further efficiencies and clarity of purpose.

The Director of Housing will also oversee the consolidated Housing Finance Agency (HFA) and State of New York Mortgage Agency (SONYMA), the new Office of Rent Administration and the new Division of Housing Development and Management (DHDM). We will create a Technical Services Unit within DHDM, consisting of architects, engineers and other specialists, to assist non-profit housing development organizations increase their capacity to develop affordable housing rapidly and efficiently. Additionally we will create a special needs housing development unit within DHDM to assist in the development of housing for the elderly, people with AIDS, substance abusers and veterans.

The federal withdrawal from housing has forced responsible states to become more active in the housing development process, a new function that, historically, was performed by private interests. This realignment of responsibilities is yet another reason for us to reorganize our structure for providing housing. The restructuring and streamlining that I propose, along with other reforms, will bring a more rational structure to New York's housing programs as we enter the 1990's.

Housing New York: A Program for the 90's

I will propose over \$100 million dollars in new funding to maintain the major capital investment programs that have been supported since 1983. I will seek to continue funding of the Affordable Housing Corporation, the Housing Trust Fund, the Rural Area Revitalization Program and the Restore/Hope program. Additionally, I will seek \$11.5 million in funding for Public Housing Modernization in order to make necessary repairs to our public housing stock.

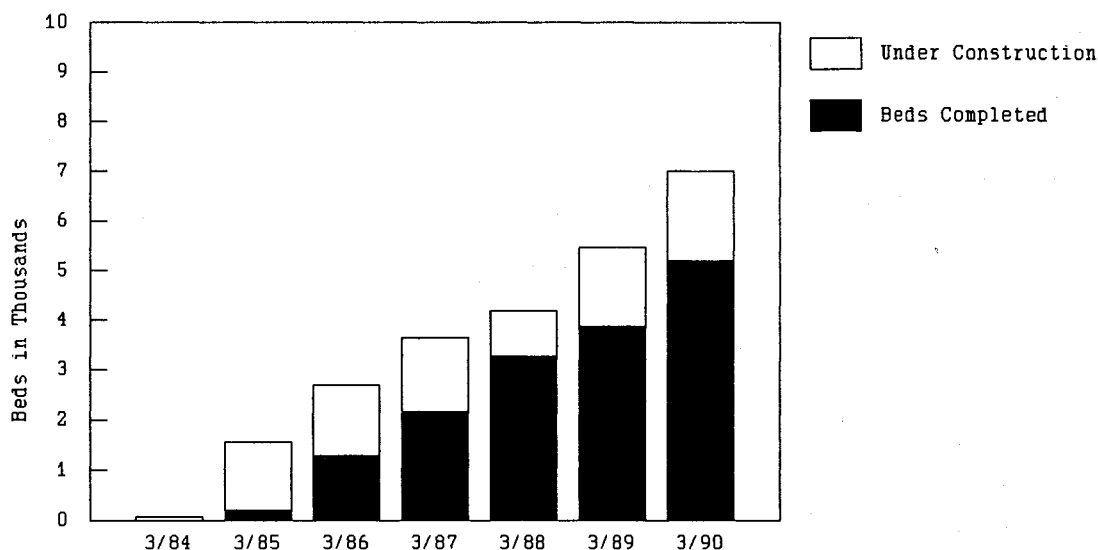
Over the next year, while we concentrate on our housing reorganization and continue to improve our housing assistance process, I will ask the Director of Housing to explore with the Legislature, the Division of the Budget and the State Comptroller new approaches to funding our housing programs. The goal will be to develop options that would permit us to increase the funding levels in our on-going programs, as well as refund certain programs created under the Infrastructure Trust Fund.

Addressing the Needs of the Homeless

This past year, an interagency work group addressed the special needs of single homeless adults. Based on this group's recommendations, we will increase the number of treatment facilities, support the development of innovative residential models, increase the availability of independent housing with support service linkages and improve programs that provide community outreach and assessment for this population.

I will recommend funding for HHAP of \$25 million, including \$5 million to the AIDS Institute for housing persons with AIDS. In addition to HHAP, we will propose an innovative use of the Federal Low Income Housing Tax Credit Program to provide operating assistance for homeless families in State-assisted housing units that have rents greater than the shelter allowance.

Cumulative HHAP Construction



Our homeless crisis is no longer confined to our inner cities. The affluent suburban counties of metropolitan New York face a crisis that they have never before experienced or even imagined. Some counties currently house families miles from their original homes and even in other states. I will propose expanding eligibility for the Permanent Housing for Homeless Families Program to allow these counties to participate, and I call upon these counties to join with the State to address this deplorable situation.

In another innovative step, utilizing the Permanent Housing for Homeless Families and the Federal Low-Income Housing Tax Credit programs, "HELP Houses" will provide permanent housing with essential support services for homeless families. This concept, will, for the first time, provide supported services with the proceeds of syndicating federal low-income housing

tax credits. "HELP Houses" will again break new ground, and I applaud its commitment and dedication to the people of the state.

Federal Role

While we are reorganizing our administrative structure, and realigning our housing programs, we need additional assistance to realize our goal of a decent home for every person in this state. The problem cannot be solved without additional federal resources. With the "peace dividend" achieved through a reduction in our military forces, the federal government should again invest in housing.

The Secretary of the Department of Housing and Urban Development, Jack Kemp, has recently provided hope that the federal government might once again join us as partners in addressing the nation's housing needs. Nevertheless, the Bush Administration's proposals to date fail to address two primary concerns: the need for substantial new resources for housing production and a recognition that the states must have a role in targeting resources where they are most needed.

We will work with our Congressional Delegation, as well as with administration officials, to develop a true federal-state housing program based upon the principle of partnership. It should have a production element to meet the need to increase the supply of housing in states such as New York which are absolutely short of available housing units. We feel no state should receive funds unless it is willing to match the federal commitment.

Housing Services for the Elderly

It is clear that during the 1990's, in addition to increasing the adequacy and affordability of housing we must also provide necessary supportive services to residents of both single-family and multi-unit residential housing. These services are particularly needed by the elderly residents of our existing Mitchell-Lama and public housing projects. Many of the people who moved into those units when they were first constructed are now elderly. In public senior housing projects, the vacancy rate is zero and the average annual turnover is only approximately 9 percent because of increasing longevity. The average resident age is 76 statewide, and 82 in New York City. This dramatic "aging in" phenomenon increases the need for support services and for an environment that can accommodate increasing frailty.

The New York State Office for the Aging (SOFA) and the Division of Housing and Community Renewal (DHCR) are already examining the extent of this problem, as well as possible solutions, but more needs to be done.

I have therefore asked SOFA and DHCR to expand their efforts to seek the advice and suggestions of other appropriate agencies and to report back to me with recommendations for addressing the problems of elderly citizens in Mitchell-Lama and other State-assisted housing. Through the addition of programs such as Enriched Housing and the Senior Resident Advisory Program, the training of housing managers, and the expansion of other community-based resources (including the Expanded In-Home Services for the Elderly Program) senior citizens can be provided with supportive services that will help them maintain an independent lifestyle

within their current living environments. Additionally, I will instruct the Housing Finance Agency to work with the State Office for the Aging to expand our current efforts to increase the supply of congregate care housing for the elderly.

Tenant Protections

Even while we are reorganizing and providing additional resources for our future housing needs, we must continue to protect and preserve our existing affordable housing stock and the tenants who live in those valuable units. Every time we lose an affordable apartment through deterioration or conversion to luxury status, we take a step backwards in terms of meeting the state's needs.

We have made significant strides in improving the delivery of rent regulation services to both tenants and owners. I will continue to provide the necessary resources to enhance these services by asking localities whose residents benefit from the program to share fifty percent of the cost of administering the rent stabilization and Emergency Tenant Protection Act (ETPA). They will be permitted to pass along these costs.

Last year, we instituted progressive regulations providing lease succession rights for thousands of tenants who would otherwise be faced with eviction. By extending succession rights to non-traditional relationships, we have taken a humane step to insure that vulnerable populations, such as the elderly, people with disabilities and people with AIDS, can remain in their homes when tragedy strikes their partners.

This year, I will again call upon the Legislature to enact measures to deter the growing pattern of warehousing of vacant units in residential rental buildings, many of them undergoing conversion to cooperative or condominium ownership. In order to administer rent regulations efficiently and effectively, statutory changes are needed to reform and simplify the existing laws governing rent regulations. I will once again call upon the Legislature to enact these changes.

We must take immediate action to preserve the State's most successful housing initiative, the Mitchell-Lama housing program. We need action by the Legislature this month to extend for an additional fifteen years the protections currently afforded to Mitchell-Lama residents. We have already lost over 6,000 of those units. Thousands more, which are available at affordable prices for moderate- and middle-income tenants, are currently planning to buy out. This is the most important action the Legislature could take early in this session to demonstrate its commitment to the preservation of affordable housing units.

* * *

New Yorkers have repeatedly demonstrated that when we work together, we can address even the most difficult of crises. We need to reorganize our administrative structure for housing; we need to consolidate our programs into one agency in order to improve their efficiency; we need a federal government which becomes a responsible partner in meeting this dire national need. Working together with the private sector, the non-profit community and local governments, and making the significant changes I have recommended in this section, we

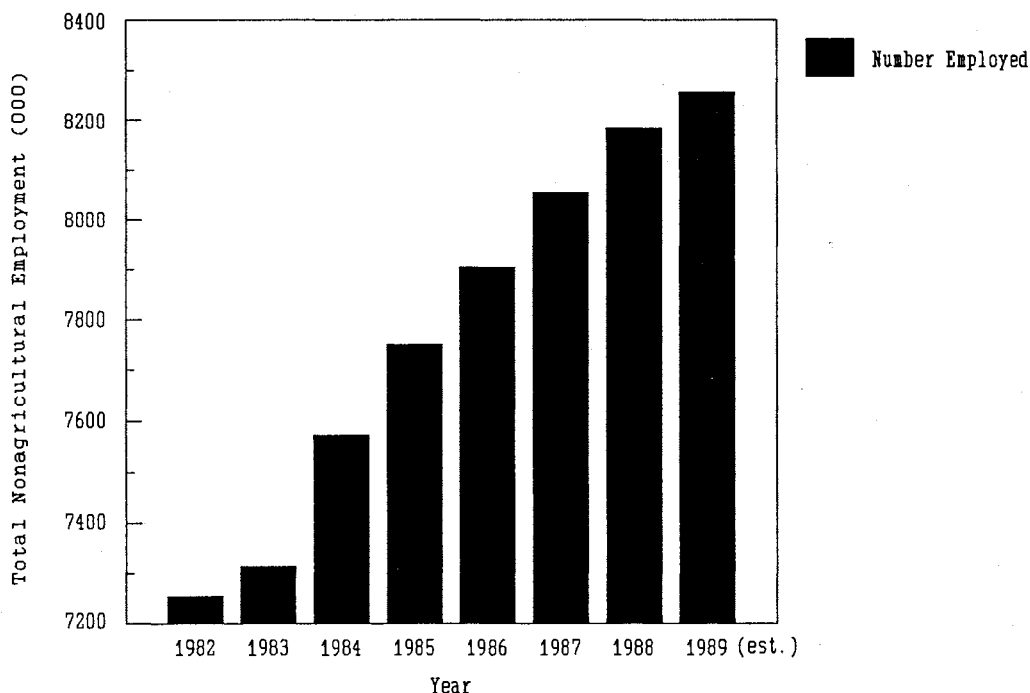
will be well on the road towards ensuring that every family and every individual in this state has a decent place to call home.

ECONOMIC DEVELOPMENT

The State of the Economy

New York's economic achievements in the 1980's are impressive: a million new jobs; low unemployment; significant growth in per capita income; personal income tax cuts in each year since 1985, reduced rates of corporate and bank taxation, and personal and corporate tax reform; once distressed regions -- Buffalo, Elmira, and others -- now flourishing; major investments in science and technology research across the State; substantial new private investment in manufacturing facilities; the reaffirmation of New York City as the financial capital of an increasingly interconnected global community; and the reestablishment of our economic leadership in world markets. The list goes on and on.

**Trends in Nonagricultural Employment
New York State
1982-1989**



However, while we have done a great deal, there is a great deal more still to do. We do not have the luxury of dwelling on our accomplishments. The national economy is hurting our region. Indeed, signs of a slowdown in economic growth have begun to appear in the Northeast and the Nation. In New York, this trend has been concentrated in New York City and Long Island.

The State's economic fortunes will continue to be heavily influenced by national and international events. In the case of the national economy, even the best case scenario -- a

"soft landing" rather than a full-scale recession -- requires that we now pursue our economic development strategy in an environment in which national growth will be less vigorous than in the past seven years.

Recognizing the uncertain near-term federal economic outlook, we must work doubly hard at the state level to address the economic problems that confront us. We must learn to compete more successfully in the global marketplace; continue our efforts to stabilize and nurture our manufacturing base; provide for the labor force needs of an increasingly sophisticated workplace; deal with stubborn pockets of urban and rural distress; and reduce disproportionately high rates of poverty and unemployment among minorities.

Moreover, the success of some regional economies has created a new set of concerns -- a shortage of skilled workers, an overburdened infrastructure and environment, a lack of affordable housing -- that also threaten continued economic vitality.

The economic development agenda grows increasingly broad as demographic, technological, and environmental changes demand our attention and response, and as our understanding of the economic development process deepens. School drop-out rates, drug abuse, lack of available child care alternatives, our nation's history of waste disposal and new environmental protection requirements -- these are all economic problems. They not only have economic consequences, but economic underpinnings as well.

The resources required to address these difficult problems depend upon a vibrant economy. In turn, our ability to sustain our economy requires satisfactory solutions to these formidable social challenges. We have no choice but to view and pursue these goals in unison.

We are also profoundly affected by developments in the international arena. In the introduction to the *Report of the Commission on Trade and Competitiveness*, I stressed that the most profound change in our time has been the emergence of a global economy and that America's economy is indissolubly intertwined with those of other countries. This is particularly true for New York. In the 1970's, we suffered perhaps more than any state from the rampant stagflation and erosion of U.S. competitiveness brought about by inflation, minimal growth in the Third World and decline in productivity. In the mid-1980's, the astronomical federal deficits artificially inflated the value of the dollar to erode the ability of New York's manufacturing sector to compete in international markets.

With these challenges also come opportunities. We have made New York the ninth largest economy in the world, one of its most diverse, dynamic and productive. Our workforce, infrastructure, financial resources, government and business leadership are unparalleled.

Now it must compete on a global scale.

The globalization process is irreversible -- there's no going back. Witness the inextricable linkage between the democratic changes in Eastern Europe and the effort and desire on the part of those countries to free their markets from state control and participate in the international economy.

The benefits of internationalization of the world economies are many, and not limited to increased economic growth. The world, and New York, profit from higher standards of living, greater cultural and political understanding, and increased resources for other global problems - the environment, poverty and human rights.

Recognizing the magnitude of the globalization of the world's economy and the significant possibilities for New York to take a leadership role in this process, we will go forward this year with a dramatic new economic development effort that I will call "Global New York." The commitment will cut across our multiple economic development initiatives, but will be even broader, including within its scope training, education, cultural awareness and the Decade of the Child. If we do not position New York's children to be part of this internationalizing process, we will doom them to failure in this rapidly shrinking world.

Positioning New York for the International Economy

The centerpiece of Global New York will be a three-fold strategy. First, we must expand our International Partnership program to establish two-way international exchanges in government, business and labor that benefit not just New York, but our partners abroad. Second, we must reinvigorate the international trade promotion activities of the Department of Economic Development through approval of an "International Trade Competitiveness" initiative. Third, we must assess developments in the international economy to determine where New York stands in these changes, and to provide the foundation for our future programs and initiatives.

Significant improvements have been made in the quality and accessibility of the State's international trade and investment programs and activities. The opening of the Hong Kong Trade Office, the redeployment of trade specialists in upstate regions, the joint SUNY-DED export referral program, the creation of regionally based export projects in the Omnibus Economic Development Act of 1987, and the new export marketing assistance service have helped to strengthen New York's reputation as the international State.

The integration of the world economy, however, is being rapidly accelerated by the transfer of technology, information and capital across national boundaries. For New York to thrive in this new world economic order, the State must develop a strategic policy that anticipates the changing spheres of influence in the world and the impact these developments will have on the economy, industries and regions of New York State.

We will continue our program to monitor and facilitate the developments in the implementation of the Canada-U.S. Free Trade Agreement. Building on this initiative, I will ask the Department of Economic Development and the World Trade Council to devote this year to analyzing the move by the 12-nation European Economic Community to complete a single, barrier-free internal market by 1992. Recently, Secretary to the Governor Gerald Crotty was invited to Europe to gain first-hand knowledge of the EC:1992 program and will provide guidance to the Department in formulating strategies and programs to assist New York businesses in responding to, and taking advantage of, the emerging opportunities associated with the EC:1992 program. I will ask the Department to apply its experience with the Canada-U.S. Free Trade Agreement and EC:1992 program to the rapid changes in the Pacific Rim, and

later this year, undertake a strategic planning process in conjunction with the World Trade Council to facilitate New York-Asia economic and business ties. I have also directed the Council and the Department to organize conferences in New York and Europe on the potential for New York of the EC:1992 program.

To assist resident businesses, especially small businesses, to take advantage of the emerging opportunities in our increasingly global economy, I will ask you to approve a comprehensive international trade and competitiveness initiative. This initiative, will enhance the array of international trade services available to New York State businesses from the Department of Economic Development and other economic development agencies.

The bill also creates five new programs: an export diagnostic and market development consulting service to provide matching grants for short-term consulting projects, diagnostic assessments and export development plans; an export skills training program to provide grants to businesses and groups of businesses for training individuals in export skills; a high technology export program, to establish a linkage between the New York State Science and Technology Foundation and the Department of Economic Development to promote the export of New York made high technology products; an agricultural export program to establish a joint effort by the Departments of Agriculture and Markets and Economic Development to promote the export of New York-made agricultural products and machinery and processed foods; and an export finance program to provide intermediary export finance services to small businesses which would authorize the Department of Economic Development to enter into contractual arrangements with public or private providers of export finance services.

We will also expand our international partnerships with Israel and Italy to establish additional reciprocal arrangements with national and regional governments that promote international cooperation in development programs, human resources and education strategies, information and technology transfer projects and cultural exchanges. Our initial focus will be on nations where we have already sought and achieved active trade and investment ties -- Japan and Asia, the European Community, and Canada. Through our international representation, our economic development loans and grants, and our education and training initiatives, we have successfully forged mutually beneficial partnerships with governments, businesses and educational institutions abroad. These include the establishment of Keio High School in New York City, the first high school in the U.S. designed to train students for Japanese entrance examinations, the Toshiba investment in Elmira, employing more than a thousand in what had been an economically depressed area, and the dozens of Canadian investments and joint ventures in the State -- Bombardier, Bata Industries and Sterling Rubber -- that have helped us take advantage of our new freer trading relationships with our northern neighbors. Under the auspices of our International Partnership Program with Italy, "Due Casa: Una Tradizione," Matilda Cuomo, Director Tese and Commissioner Axelrod will host this month the second scientific exchange conference with prominent Italian health experts to examine issues involving cancer, AIDS and preventive medicine. We will build upon and enhance these successful efforts through government and private sector exchanges in even broader and more diverse areas.

Some of the successes achieved by Asian nations in export growth, education, and research and development have created strains in America's relationship with these economies. This

has had an especially detrimental impact on the Japanese -U.S. economic relationship, which has been characterized by suspicion, misunderstanding and, often, hostility. Our two nations have enormous cultural differences, but we also have common and mutually beneficial interests. These common interests, in educating and training our workforce for the Twenty-first Century, increasing our productivity and advancing scientific research, will be the focus of our New York-Japan partnership.

New York has long and deep cultural and economic ties to the nations of Europe. The accelerated integration of the European economy -- and the potential of expanded participation by the European Free Trade Association (EFTA) and Eastern Europe -- accord us unprecedented opportunities and challenges. A fully integrated Europe will stimulate growth and the incomes of its citizens, and, demand for quality goods and services that New York produces in quantity. We will evaluate the cost-benefit of establishing distribution centers in key European locations to facilitate the export of New York products to European markets. We will also establish partnership exchanges with Europe similar to those for Japan and Asia, targeted to opportunities presented by European unification and the adaption of sophisticated European approaches to problems facing New York. In turn, we will offer support and encouragement to the European states -- both Eastern and Western -- in their bold steps for economic unification.

With the prospect of dramatic reductions in defense spending likely, I have asked Director Tese and Brad Johnson, Director of the Washington Office to Co-Chair a task force of government and businesses to develop recommendations on how to assist New York defense supplier businesses adapt their manufacturing and production capacities to commercial applications in the international marketplace.

In an effort to help New York's maritime industry capitalize on opportunities resulting from the EC:1992 program and the political and economic changes in Eastern Europe and the Soviet Union, we will coordinate the Department of Transportation and the Port Authority of New York and New Jersey efforts to encourage our Congressional Delegation to push for a Maritime Agreement between the United States and the Soviet Union. One immediate outcome of such an agreement would be increased opportunity for the Red Hook Container Terminal on the Brooklyn waterfront, already a well established hub for Eastern European shipping.

Educational institutions at all levels should develop in their students the knowledge and skills required to compete in the international economy. Through our International Partnership Program, we developed scholarship programs for teachers to promote foreign language teaching and learning in New York State. We have provided scholarships for school administrators to give them a broader vision of the world, thereby strengthening local programs in international education and foreign language education. We have invited language assistants from other countries to assist students and teachers in schools throughout the State, and we will encourage the efforts of the State Education Department and the State and City Universities to broaden international economic and business offerings throughout the State.

This year, I will propose legislation to expand our international efforts by creating the Multinational and Comparative Education Scholarship Grant Program. These grants will be

provided to boards of education and boards of cooperative educational services to increase the number of foreign language teachers where there are shortages and to promote faculty exchanges between schools in New York State and other countries. Particular attention will be given to those countries where our rich and ethnically diverse student population originates.

I will also create the international Partners in Education and Cultural Exchanges (PEACE) Program. This program will pair schools throughout New York State with schools throughout the world. Our children will reach out to children worldwide, learning about and caring for each other through PEACE. We will particularly focus on students who have traditionally been excluded from foreign exchange programs. Priority will be given to economically disadvantaged students and those in vocational programs.

Manufacturing Competitiveness

A healthy manufacturing sector remains a critical linchpin for economic success in international markets, providing the core economic activity necessary to sustain continuing economic growth. In recent years, however, manufacturing in New York and the United States has been besieged by a variety of forces. Increasing competition from overseas, rapid technological change, environmental and other regulatory demands, and a lack of adequate training for workers and managers have all put pressure on manufacturing.

Next month we will hold a Governor's Conference on Manufacturing here in Albany, in cooperation with the Business Council, to address these issues. This event, involving business, labor and government experts, will explore a range of policy issues affecting the future viability of our threatened manufacturing sector.

The State has provided longstanding support for its manufacturing sector in the forms of favorable tax policy and low-cost energy and financial assistance. More recently, we have broadened the scope of our assistance with the Omnibus Development Act of 1987, to include programs to help improve plant performance and upgrade workforce skills. We must continue those efforts to spur growth and improve the competitiveness of our manufacturing firms. This year we will move to integrate and enhance the State's assistance to our threatened manufacturing sector. To this end, we will establish the Empire State Manufacturing Service (ESMS) within the Department of Economic Development, assisted by guidance from a Manufacturing Partnership Advisory Committee representing government, labor and industry.

The program will focus its assistance on industry sectors important to state and regional economics in the areas of strategic industry analysis, and market expansion. A key thrust of the new manufacturing Service will be to encourage and facilitate innovation in small and medium-sized firms. Over the next decade, the ability of the State's manufacturers to compete in the international economy will depend in large part on their ability to capture opportunities available to them, and to adapt new technologies, work place systems, and production techniques. I am proposing the creation of a Center for Manufacturing Competitiveness (CMC) at the Rensselaer Polytechnic Institute, which will mobilize existing resources at the university, including the recently designated, federally funded innovations project for small and medium-sized businesses, to provide non-proprietary assistance to manufacturing firms in

diagnosing their competitive problems and introducing new technologies and other productivity improvement measures.

A significant element of our strategy to help manufacturing firms to improve their competitive position must be increased collaboration and cooperation among companies within industry sectors facing common challenges and problems. To encourage this industry group cooperation, I propose the creation of a Partnership Challenge Grants program to provide State incentive to industry trade associations and other manufacturing support entities to undertake specific programs designed to address competitive problems facing their respective industries.

Finally, to assure adequate financing at reduced cost, I will pursue the necessary next step to amend the State Constitution to increase the bonding authority of the Job Development Authority by \$600 million, to \$1.2 billion. In addition, the Department of Economic Development and the Comptroller's Office have been working on establishing a linked deposit program. This program would use deposits of State funds to encourage financial institutions to make loans to small and medium sized firms for industrial modernization and expansion. I am confident that the Department and the Comptroller's Office can reach an agreement on a program this year.

To maintain our diverse array of economic development tools, I will propose legislation to make the Office of Business Permits and Regulatory Assistance (OBPRA) a permanent part of State government. In 10 years, OBPRA has responded to over 150,000 business permit assistance inquiries from those who want to start or expand a business in New York. OBPRA also is responsible for reviewing all new State regulations under the Regulations Review program, coordinating the management and reduction of State paperwork under the Governor's Forms Simplification/Reduction Project and co-directing the review and reform of existing regulations under the Governor's Regulatory Reform Project.

New York State, long a leader in developing new ways to increase competitiveness and expand opportunity for workers, has found an effective method in the State Industrial Cooperation Council's studies and task forces, and its program in employee ownership, employee participation, and industry strategies. In the coming year, the ICC's program in employee ownership and participation will undertake efforts within several new areas, including recycling, child care, and health care facilities.

Work Force Training and Development

A primary challenge facing our State and the entire nation as we enter the 1990's will be the need to maintain and enrich a highly competitive private sector work force. A labor force whose skills are highly developed, current and capable of adjusting to rapid changes in consumer demands and productivity-enhancing technology is a critical element of a strong and competitive economy.

During the last few years, with your cooperation, we have introduced a number of significant measures to improve the quality and productivity of the State's labor force. Through the efforts of Lt. Governor Stan Lundine and the Job Training Partnership Council,

working with the Departments of Economic Development and Labor, with the assistance of the New York State Network for Economic Research, we have begun to prepare a State human resource policy for the workforce of the future. Existing programs have been improved, service delivery and program coordination streamlined, and new initiatives introduced and implemented. One outstanding example is the highly successful Skilled Worker Emeritus Program in which 40 outstanding skilled workers from around the State have been designated from their community to pass on their expertise and enthusiasm about their profession to fellow New Yorkers, young and old.

Addressing these issues is no easy task. It will take the collective efforts of government, business, labor and education to design innovative ways of recruiting, training, retraining and retaining our current and future work force.

Most of New York's projected work force for the year 2000 is already at work. Consequently, we must concentrate our efforts on providing required skills to the men and women of this State at their place of work. Without considerable human investment in such workers, their adaptability and productivity will suffer, as will the State's economy as a whole. This investment in the retraining and skills upgrading of the work force should be a cooperative public and private endeavor. Both sectors must recognize the growing importance of such investment for increasing the competitiveness of the work force and for improving the circumstances of the disadvantaged and poor. Such training links the State's economic development goals with its employment policies.

Last year I charged Commissioner of Labor Tom Hartnett and Director Tese with the task of exploring unemployment insurance tax-offset mechanisms and other innovative approaches for funding needed training programs. As a result of their combined efforts, we have initiated a dialogue with organized labor, and the business community on how such a program could be structured. I believe that we will be able to reach a consensus and present legislation to you authorizing an approach later this session.

A number of recent federal legislative changes will have a substantial impact on New York's methods of service delivery. Among these programs that have undergone modifications are the Welfare Reform Act, the Economic Dislocated Worker Adjustment Assistance Act and the Worker Adjustment and Retraining Notification Act. Changes are being proposed to the Job Training Partnership Act as well. These changes will have a significant effect on those who receive services as well as those who deliver services.

It is imperative that there be careful coordination of services provided by these programs among state and local agencies. For this reason, I call upon the Departments of Education, Labor, Economic Development and Social Services to participate in a policy level group chaired by Director of State Operations and Policy Management Henrik Dullea that will develop an integrated service delivery strategy utilizing a one-stop-shopping concept. This group will call upon the Job Training Partnership Council, local Private Industry Councils and community-based organizations to develop mechanisms for better coordination of services and to establish a "service delivery model."

Work and Family Issues

Bill Cosby wrote in his book *Fatherhood* that "a baseball manager has learned a lot about his job from having played the game, but a parent has not learned a thing from having once been a child." Nonetheless, parenthood is our greatest responsibility and its demands do not stop between the hours of 9 and 5. The majority of New York's families do not have a parent at home full time. For them, quality child care is essential to their ability to be good parents and good employees. With the increased number of women in the work force, the need for child care will only grow.

In 1950, women accounted for only 30 percent of the U.S. labor force. Today that figure has grown to 45 percent. Approximately two-thirds of the growth in the labor force in the last eight years has been from women. Combined with the knowledge that 57 percent of married working women in the country have children under six years of age, it is apparent that there is a need to do more to develop and coordinate programs to assist families in meeting their obligations.

The United States is the only industrialized nation in the world that has yet to address uniformly the parental leave issue in public policy. We need to address the changing needs of families in which mothers as well as fathers work outside the home. One critical issue is the need to be absent from the work place to meet family responsibilities.

Last year, I directed the Industrial Cooperation Council (ICC), working with the Division for Women, to explore innovative ways to enhance the availability of family leave in the private sector. In October, they convened a colloquium of business, labor, academic, public policy and women's group representatives to discuss, in detail, what steps New York can take. The panel discussion was wide reaching. Among the options discussed was the possibility of using the temporary disability insurance system as a vehicle for beginning to address this problem.

New York is one of a small number of states that requires mandatory disability coverage for all employees. New York also guarantees that partial wage replacement will be available to all private sector employees during periods of temporary disability, including disability related to pregnancy. We have, as a result, a special opportunity to build on this system to allow it to respond to the changing needs of the State's workers.

Toward this end, I will be submitting a legislative proposal based upon the report to be submitted by the ICC and the Division for Women. It is my expectation that the ground work laid by this year's efforts will allow New York to move forward and to assume a leadership role in this critical area.

Community, Urban and Regional Economic Development

Since the passage of the Omnibus Economic Development Act of 1987, considerable progress has been made to rationalize, coordinate and strengthen the State's primary economic development services. A major thrust of the Act was to bolster the regional delivery system to ensure responsiveness of the State's many economic development programs to regional and local needs. The Act codified DED's ten regional offices and elevated their role in providing

outreach to businesses and coordinating service delivery. In addition, through major program initiatives such as the Economic Development Zones (EDZ) Program, the Entrepreneurial Assistance Program (EAP), the Export Trade Demonstration Projects Program and the Regional Revolving Loan Trust Fund, the State has made a significant commitment to decentralizing important services and responsibilities to the regional level.

One key piece in the State's efforts to aid regional and local development is the Economic Development Zones Program. In 1990, the existing nineteen Zones undergo mandatory evaluation. The Departments of Economic Development, Labor, Audit and Control, Taxation and Finance, and the Legislative Commission on Expenditure Review will all report on the management and fiscal impact of the State designated Zones. I will review those reports and make recommendations to the Legislature on the continuation and possible expansion of the program.

Now in its second year, the Zones program has made significant progress. The local zones, nine of which are located in rural areas, have demonstrated tangible successes through business expansion and retention, the attraction of new businesses and jobs, and the coordination of human services to assist local residents in obtaining jobs, finding child care services for workers, and in improving their quality of life. The advice of organized labor and that of Assemblymen Barbaro and Dearie in the implementation of the 19 zones was invaluable. One important area of exploration is the potential of creating affordable housing in or near the Zones. Director Tese and Housing Commissioner Higgins will study the potential for linking housing to the Zones, including identification of potential sites and program coordination.

While New York as a whole has enjoyed a sustained period of economic growth, that prosperity has bypassed many of our major cities, and particularly the highly distressed areas of our major and smaller cities.

I will recommend that the Urban Development Corporation undertake a new Urban and Community Development initiative that will stimulate and assist developments in our major and smaller cities, and in our most distressed communities. Neighborhoods and communities in urban and rural areas will be revitalized by an expanded commercial revitalization program to help the commercial strips and their main streets. Local development corporations and not-for-profits that want to analyze a potential development project would get funds for feasibility studies. Industrial and mixed use projects in economic development zones and highly distressed communities would get low interest loans from UDC and major development projects identified and recommended by cities would receive planning and design funds from UDC.

This new initiative would build on work that UDC already has initiated this past year all across the State. One of the major projects is the Hunters Point section of Queens. This major waterfront site will be developed by UDC along with New York City and the Port Authority.

During the past year, we have continued in a variety of ways to reach out to local government to spur economic development. OBPR has launched its State/Local Partnership Project to provide one stop shopping for individuals wanting to start-up or expand a business

in New York State. This year I have directed OBPR to provide on-line information on the local permit and license requirements for businesses in both Suffolk and Cattaraugus County.

Financial Services

Although New York has long been a national and international leader in financial services, in recent years this sector has made a particularly significant contribution to our economic strength. In March of last year, the Panel that I appointed on Financial Services -- made up of 32 leaders from the financial services, legal, accounting and consulting industries from around the State -- released its final report, *New York's Future in Financial Services*. The Panel's central conclusion was that "New York State cannot take its future leadership in financial services for granted." To ensure our continued preeminence in the present period of intensified competition and rapid technological change, the Panel recommended that the State take action in four major areas: location costs and advantages; labor force and human resources; telecommunications and technology; and regulation and taxation.

In recognition of these factors, last year I directed the Port Authority to invest an additional \$11 million towards the development of the billion dollar Metrotech project in downtown Brooklyn. This investment was instrumental in retaining the back office operations of the Chase Manhattan Bank in New York City and keeping 4,500 jobs from fleeing to other states. Altogether, the Metrotech project will create close to 7000 jobs and help transform downtown Brooklyn into a major commercial and office center.

This year we will begin to implement a number of the Panel's recommendations. Together with the City Government and the New York City Partnership, we will work to strengthen New York City's position as the world's financial capital in two important areas of competitiveness. First, to upgrade the quality of our financial services workforce, we will develop an industry-specific training program to meet the rising skills requirements of entry level clerical positions. In addition, to increase the availability and productivity of the financial services workforce, the DED will assess the specific child care needs of the industry and OBPR will review the regulations that affect the supply of child care services. Our second effort will enhance the reliability of our telecommunications infrastructure through the availability of disaster protection services. Here, both OBPR and DED will look at the need for greater regulatory flexibility and easier, more economical access to public rights of way.

Tourism

Tourism is, by some definitions, the State's second most important industry. Tourism businesses, which include eating and drinking places, hotels and other lodging establishments, and travel and transportation services, are one of the most significant State employers. In 1988, more than 700,000 New Yorkers worked in travel-related occupations -- over 120,000 more than in 1982. These jobs represent an increase of over 60 percent in travellers' expenditures, generating an estimated \$878 million in state and local tax revenues over the last six years.

With the completion of the Tourism Master Plan, the major directions for the State's approach to the development and enhancement of tourism activity are in place. Many of the

objectives set forth in that plan, including the creation of a regular process for the dissemination of vital tourism statistics, the establishment of a reporting system for travel trends to the tourism community, and the focus tourism business development projects are well on their way toward implementation.

Building on the Master Plan, this year the Urban Development Corporation will be funding the Finger Lakes Association Tourism Study. This project will assess the existing tourist destination elements and businesses in relation to demographic trends and develop a plan for future tourism development in the region.

Travel patterns throughout the world are changing. The population is aging and vacation periods are now shorter but more frequent. In order to capture fully the benefits of these changes, the State needs to identify potential tourism sites that fit these trends. I am, therefore, proposing a comprehensive all-season tourism destination initiative to help New York capitalize on the opportunity for stable tourism development and reduce the disruption to regional economies of seasonal swings in employment and economic activity. This program will include an assessment of existing tourism destinations in New York State that have all-season usage or have the potential for development into all-season destinations; an analysis of travel trends with projections for future growth areas; and the initiation of an all-season tourism promotion plan to direct our efforts to realize fully the benefits of year-round tourism, consistent with full recognition of environmental concerns.

There are already some examples of new initiatives. Projects like the proposed redevelopment of the Lake Placid Club in Essex County exemplify this kind of significant multi-seasonal destination development. Buffalo is preparing for the 1993 World University Games which it competed for successfully. Promotional efforts have already begun in order to capitalize on the event's expected \$18 million in regional spending. This project will give Buffalo the worldwide recognition as a sports center that it deserves.

Other examples of projects around the State that help support a region as a tourism destination include a UDC funded feasibility study of a regional visitor's center in Salamanca; the opening of the Adirondack Visitor's Interpretive Center at Paul Smith's College last year and the planned opening of a second Center in Newcomb in July of this year; and a feasibility study of the Suffolk County Regional Performing Arts Center which will be completed this year.

To inform visitors to New York of this plethora of tourism destinations as they enter the State, we will be opening the first I ♥ NY Gateway Information Center at the Beekmantown rest area on I-87 just north of Plattsburgh early this year. This will be the inaugural opening of the I ♥ NY Gateway Information Centers which will ultimately be opened at other key entry points to the State to welcome and inform visitors.

Last year I signed legislation making the New York State Tourism Advisory Task Force on Signage permanent. Earlier this week, the Task Force reported to me an agenda for action that it will pursue over the coming year. I look forward to making headway on this issue of great importance to the tourism industry. New York and the other Great Lakes States are working together in the area of tourism trail development and have recently announced an

advertising and marketing plan focusing on the resources, natural beauty and tourism draw of the region. In concert with the Seaway Trail, the Department of Economic Development will help develop programs spearheaded by the Governors of the Great Lakes States. Signage is of prime importance to the success of this venture.

The Atlantic Ocean, our rivers and other waterways are a tremendous tourism resource that we will continue to develop. In the coming year, we will see the final plan for the Niagara River Recreationway and Trail System, a river walk and bicycle trail to allow visitors to experience the magnificent vistas of the Niagara River barge; the Syracuse Inner Harbor Development Plan which was funded by the Urban Development Corporation to identify the best use of the harbor as a major tourism asset for the Syracuse region; and a number of other waterfront development initiatives such as Kingston's Roundout in Haverstraw and a waterfront feasibility study for Greene County.

There is a renewed emphasis and interest in the redevelopment of the State's canal system as a tourism resource. The State's Canal Board has forwarded a coordinated, long range plan for canal development which suggests methods to realize its tourism and economic potential.

The Erie/Barge Canal Challenge Grant Program is now in its third year. The program is an important cooperative venture between State and local government in which funds are utilized for a wide variety of tourism related development and marketing programs centered on the canal.

These focused efforts have resulted in an increase in recreational traffic on the canal. We had a record year in 1988, and partial figures indicate the 1989 will be even better, with over 120,000 boats traveling the canal through August.

The tourism matching funds program continues to produce results and positive cooperative efforts, which is especially significant in the face of the current fiscal restraints. The reports from the tourism promotion agencies confirm that this program is a significant factor in the success of the State's overall marketing program.

This program is an impressive example of State and local partnership. Over \$22 million was utilized to market New York State through this partnership, with local and private sector interests generating over \$17 million for the coordinated effort.

Minority and Women's Business

Despite significant gains in employment and economic status, minorities and women are still greatly underrepresented among our State's business owners and operators. To address this concern, I called on the Economic Development Subcabinet to prepare a comprehensive plan to guide and coordinate the State's efforts to assist in the business formation and development needs of this vital sector. Released last summer, the Strategic Plan for Minority and Women's Business Development outlines the formidable obstacles faced by MWBE's and the necessary role the State must play in encouraging and promoting business development among minorities and women.

I have asked Stephanie Brown of the Governor's Office of Minority and Women's Business Development and Director Tese to begin implementation of the Plan's recommendations. They have begun by convening a Governor's Committee on Opportunities in Construction. The Committee includes representatives of the Departments of Transportation and Labor, the Port Authority of New York and New Jersey, Dormitory Authority, Battery Park City Authority, and the MTA, and will work to help minority and women's construction firms receive a significant portion of the estimated \$40 billion in capital construction planned by the State and New York City over the next decade.

Additionally, I have urged the Port Authority to expand the participation of women and minority-owned business enterprises in Port Authority businesses and to expand employment opportunities for these groups and other disadvantaged residents in the region. I am pleased to see the Port Authority develop employment training opportunities in the aviation sector to take advantage of the multi-billion dollar capital improvement program now underway at John F. Kennedy and LaGuardia Airports. In cooperation with the New York State Department of Transportation, the Dormitory Authority, and the New York City School Construction Authority, the Port Authority now offers a training and assistance program for experienced small, minority and women owned contractors seeking to expand their opportunities in public construction.

The Entrepreneurial Assistance Program (EAP), created by the Omnibus Economic Development Act of 1987, provides grants to community based organizations to provide management and business planning, financial assistance planning, mentoring, counseling and analyses of business concepts to minorities, women and dislocated workers planning to start a business or in the early stages of a new business venture. Last year the EAP provided \$600,000 in funding to a total of eight community organizations that provided business assistance to more than 1,000 clients. The early results of the EAP are most encouraging.

We must devise methods to get youth, particularly the economically disadvantaged and young women, to think of entrepreneurial pursuits as long-term career objectives. They must be encouraged and equipped to move into the workforce as business owners and operators. In pursuit of that goal, I am calling for the development of a Youth Entrepreneurial Support (YES) Center within the Entrepreneurial Assistance Program. This will be pursued as a joint effort with the School and Business Alliance and the State Education Department.

To increase and improve the quantity and quality of business with Hispanic-owned enterprises, and to provide greater access by those enterprises to State services, the Governor's Office for Hispanic Affairs in collaboration with the Department of Economic Development has launched a statewide series of seminars for the business community, and this program will be continued in the coming year.

Finally, as we strive to compete in world markets, we cannot overlook sources of opportunities presented for minority and women business owners through trade with foreign countries, including the Caribbean nations and the Third World. I am directing the Department of Economic Development, the Governor's Office of Minority and Women's Business Development, and the Harlem Urban Development Corporation, through the Harlem

Third World International Trade Center, to develop a program to effectively match appropriate State certified MWBEs with international export opportunities.

Technological Innovation and Development

As we move into the next century, our ability to survive and flourish in a rapidly changing world economy will be largely determined by the rate at which we adopt technological innovation.

As part of our Global New York initiative, I have directed the Science and Technology Foundation to develop linkages between our ten Centers for Advanced Technologies and foreign technology centers and companies. They will jointly develop technologies with significant international sales potential. In addition, the Foundation will provide a preference in its venture capital program to start-up companies whose products are geared towards foreign markets.

In recent years, New York has disbursed over \$200 million in grants and low interest loans to universities in the State for the capital construction of research facilities. Examples include the Telecommunications/Computing Research Center at Columbia University, portions of the Supercomputer facility at Cornell, the Optics center at the University of Rochester, the Center for Industrial Innovation at RPI, the Computer Software Center at Syracuse University, the National Center for Earthquake Engineering at SUNY Buffalo and the Center for Advanced Materials Processing at Clarkson University. The primary rationale for these efforts has been their economic development potential. However, the process for disbursing these State commitments have by and large been informal, made under the pressure of budgetary deadlines. Moreover, we have made these decisions without sufficient input from scientific and economic experts as to the merits of the proposals.

To assure the best use of limited State dollars in working toward our goal, we will continue to monitor the economic and technical relevance of large scale State-funded projects. Over the past year, Lt. Governor Stan Lundine worked with the Science and Technology Foundation to develop a framework for the systematic review and prioritization of requests for State funding of advanced technology projects. I will soon propose innovative methods to fund these projects.

Investment in research and technological transfer is crucial but not sufficient in itself to guarantee the benefits of technological innovation. A work force of scientists and engineers, as well as production workers with a working knowledge of basic scientific and mathematical concepts, is also essential to enhancing technological innovation in the economy. Initiated by the recently held Governor's Conference on Science and Technology, we have begun a process to develop a framework for addressing the problems and prospects for science and engineering education. This year the Policy Committee on Science and Engineering Education will forward its recommendations on ideas for improving science, mathematics, and technology skills at all levels of the State's educational system.

At the same time as we invest in research and development, we must encourage the State's electronics industry. New York, with the nation's second highest electronics industry jobs, will

initiate, in coordination with the industry, a task force to find ways to strengthen its competitive position.

To capture the interest and imagination of our young people -- the scientists of tomorrow -- science education should take place beyond the confines of the classroom, and begin at an early age. I am asking Director Tese to examine with Education Commissioner Thomas Sobol the feasibility of establishing an urban, youth-oriented science and technology museum. This facility could not only serve an important educational function, but also become a significant tourist destination as have similar museums in Boston and Toronto.

Pension Funds

Pension funds are now the nation's most important source of investment capital. Assets of over \$2.5 trillion and a rapid rate of growth have given pension funds a major role in the economy. Furthermore, as the owners of almost half the stock of publicly trade corporations, they have a major impact on how the private sector operates, including whether they make the long term investments needed to make America more competitive.

Last summer a Task Force appointed by the Governor issued a report, "Our Money's Worth", which articulated a new understanding of the role and impact of pension funds as investors and owners. It called for increased investment within the state and a new synergy between pension funds and corporations in order to work together for long term growth and increased competitiveness. Implementation of the Task Force's recommendations will be an important objective this coming year.

Action will be taken to help increase pension fund investment in New York. Investments which earn a competitive return and at the same time create jobs, housing, spur development or advance other public purposes are in the best interests of the beneficiaries because they not only provide good returns, they also strengthen the tax base that supports and ultimately guarantees pension benefits. Towards that end, legislation will be introduced to give the State's Job Development Authority new power to extend to pension funds the loan guarantees it can now provide banks and insurance companies for their loans to manufacturers within the State. In addition, a new investment development program will be established to identify and package innovative investment programs that will provide pension funds and other investors the opportunity to earn competitive returns while also creating jobs or housing within the State.

Legislation is also needed to help establish a new synergy between pension funds and the corporations whose securities they hold, and whose fate in situations such as takeovers they help decide. A bill will be introduced to create a requirement that pension funds issue annually a report on their actions in contests for control of corporations. This requirement, called the ownership impact statement, will help establish greater accountability as to the actions of the funds. In addition, the bill will set forth goals for pension funds in regard to participating in corporate governance.

Pension funds in this State are restricted in their investments by the so-called legal list of investments. This approach has long been criticized as an outdated approach. Legislation will

be introduced to provide the State's pension funds with greater flexibility. Legislation will also be introduced to prevent pension funds from investing in any fund designed to finance corporate takeovers in which the participating pension fund has to give up its right to decline to invest in a takeover which it deems to be either a bad investment or unduly harmful to the employees, communities or other stakeholders impacted by the takeover.

Legislation will also be introduced to establish a board of trustees for the Common Retirement Fund, an idea which the State Comptroller has supported since the early 1980's. This proposal should not be misconstrued as a criticism of the Comptroller. Its genesis is the fact that the assets of the Common Retirement Fund, like any other pension fund, are to be invested in a prudent manner and for the exclusive benefit of the current and retired employees who participate in the Fund.

1990 Census

On April 1, 1990, the Bureau of the Census will conduct the 1990 Decennial Census. New York State may suffer potentially serious consequences if we do not insure that the State's residents are completely and accurately counted. New York lost five representatives in Congress after the 1980 Census, and may lose another three seats after 1990. Over the next decade, New York could lose more than \$500 million dollars in Federal aid as a result of an undercount in the Census.

The undercounts have been concentrated in minority populations, largely the urban poor, homeless and disadvantaged. They miss those residents who are most in need, have low education levels, high rates of poverty and unemployment, and substandard housing. Our citizens' fear and mistrust of government is one of the major obstacles to a complete count. Let me assure all New Yorkers that the Census questionnaire they will fill out is confidential information. The government can not, and will not, use the Census to identify individuals. It will not be matched to tax returns, social security or public assistance records. It will be used to help you as individuals and your communities. It is safe and important.

I have communicated the importance of this issue to the leadership in both houses of the legislature and with their enthusiastic support we will be bringing together a broad-based non-partisan group of elected officials, business and labor leaders, not-for-profit organizations and the Executive Branch as a "Council for the Count" to promote participation in the Census by all New Yorkers.

NEW YORK AT WORK

The workforce of the Empire State is one of its greatest resources. Over the past seven years we have done much to improve and strengthen the programs working men and women depend on. We have increased unemployment insurance and disability benefits and were the first state to create an Occupational Safety and Health Program for employees and employers, which has provided \$21.2 million in grants since its inception.

Bringing benefit to both employees and employers, we created an Apparel Industry Task Force to enforce labor laws that guarantee proper wages and benefits in the garment industry and established a statewide Labor Management Committee to encourage the development and expansion of labor-management committees throughout the State.

But, for all we have done, vital work remains unfinished. Yet another year has passed, and we have not responded to the needs of workers who are injured or disabled on the job. Workers' Compensation benefits must be increased to an adequate level. New York State currently ranks 35th in benefits paid to injured workers. Presently, a middle class person cannot afford to be injured on the job; we can and must change that this year.

I call upon the Legislature, labor and business leaders to work with me to right this grievous wrong. I will again this year propose that we increase Workers' Compensation benefits and close the needless gap between partial and total benefits. My Workers' Compensation proposal will also include the creation of a Commission to study the issues of employer liability to third parties and the indexing of benefit levels to the average weekly wage. Working together, we can insure that hard-working people who are injured or disabled on the job through no fault of their own, receive decent workers' compensation benefits. It is our responsibility and their right.

Worker Safety and Health

Not only are workplace injuries devastating in human terms, they also cost millions of dollars in lost productivity. New York State is a national leader in providing its workers with protection that promotes workplace safety and health. Because of our responsibilities to the State's workforce, a better awareness of safety and health hazards in the workplace must be one of our top priorities for the future.

The protection of New York's workforce is imperative to its strength. In order to more vigorously protect worker safety, I will undertake a management assessment of existing worker protection services provided by the Department of Labor, including computerization. This will enable the Department to modernize, increase response time, and step up the number of random investigations, sending a message to employers and workers alike that the State is committed to the aggressive enforcement of laws regarding worker safety.

Nationally, injury and illness rates have been increasing steadily since 1983. Our understanding of this alarming trend has been reinforced by a recent study which reported that working conditions in the United States compared poorly with those of many other industrialized nations. New York State does not presently have accurate and timely

information on the extent of injury and illness in the private sector. Therefore, I am directing Labor Commissioner Tom Hartnett and Workers' Compensation Chair Barbara Patton to join in the redesign of the National Occupational Safety and Health Statistical Program. We will utilize this new data to enhance the State's capacity to anticipate accident prone situations, leading to a decrease in the number of occupational injuries, illnesses and fatalities.

We will also create an interagency Task Force on Occupational Safety and Health. The Task Force will be composed of the Directors of my Offices of Employee Relations and Management and Productivity, the Commissioner of Civil Service, the Commissioner of Labor, the Chair of the Workers' Compensation Board, and various safety and health experts. The Task Force will take input from labor and others, and formulate statewide policies, training programs and procedures towards a safer, healthier and therefore more productive work environment, in both the public and private sectors. The Department of Civil Service will utilize its existing Employee Health Service nurses and doctors to contribute to a safer State workplace.

I call on the Legislature to enact legislation that I submitted last year with the Attorney General, to create a fund from which to pay for the costs of monitoring the health of workers employed in occupations at significant risk of injury and disease, supported by assessments on workers' compensation insurance carriers and self-insurers. These measures will help further our efforts in safety and health, effectively complementing previous initiatives such as the Asbestos Control Board and the legislation creating the Training and Education Program on Occupational Safety and Health that I signed in 1985.

Child Labor Reform

Last year, I directed the Commissioner of Labor to join with the Commissioner of Education to establish an outreach program to educate our youth, employers and the educational community on the provisions of our child labor laws.

Through a unique partnership of the New York State AFL-CIO, the New York State Building and Construction Trades Council, the New York State United Teachers, New York State Workers' Compensation Board, the Labor and State Education Departments, the State Commission on the Bicentennial of the U.S. Constitution and the New York State Occupational Information Coordinating Committee, a teacher guide entitled, "The Working Teenager" was developed and distributed to more than 2,000 teachers and guidance counselors.

These materials will be used this year to give students knowledge of the child labor laws along with other statutes that will protect them in the workplace.

During this legislative session, I will ask for child labor legislation to be passed so that we may continue to care for and protect our young people by emphasizing our commitment to their first job -- education -- while allowing them to experience the value of work.

Meeting the Challenge of Competition

New York State is currently able to offer the business community financial, cultural, and quality of life inducements that are unrivaled in the nation. But if we are to remain viable in the increasing competitive global economy, New York State must continue to offer businesses the most highly skilled and productive workforce in the world. With the help of the Job Training Partnership Council and others, we have made great strides in meeting this challenge by putting together programs and services that prepare our citizens to enter and remain in the workforce. However, with the constant change of the world economy, we must continually review and assess our programs and services and look to take new steps to ensure that we are meeting the realities of today and those of the future.

Commission on the Skills of the American Workforce

I am most pleased that the National Center on Education and the Economy has moved forward, as promised, to address not only fundamental issues concerned with the education of children in our schools but also the needs of individuals already in the workforce. The Center has formed a National Commission on the Skills of the American Workforce, co-chaired by the noted business strategy consultant, Ira Magaziner and former United States Secretaries of Labor, Ray Marshall and Bill Brock. The Commission is analyzing training and employment needs in this country and abroad. Its work will focus on the following themes: making fundamental changes in secondary schooling so that youngsters who typically do not go to college come out of school with the skills needed to power a leading edge economy; building an effective second-chance system for people who are out of high school and out of work; building a system for those line workers who are employed and have the old basics but lack the much higher level skills their employers require to be competitive; and creating a policy framework for one of the world's most effective systems for continual education and training. Schools, businesses and industries in Rochester and Westchester County will be included in the national sample undertaken by the Commission.

Human Investment Subcabinet

Redoubling our efforts in the area of workforce preparation will require an unprecedented level of cooperation and coordination among agencies and service providers across the state. Thus, at the recommendation of an exhaustive task force report chaired by Senator Jack Perry and completed this year by the Job Partnership Training Council, I will establish a Human Investment Subcabinet and direct it to develop two bold new initiatives -- Liberty Career Grants and the Gateway Program.

The subcabinet will consist of the Departments of Labor, Economic Development, Social Services and Education, the Divisions for Youth and for Human Rights, the State and City Universities, the Higher Education Services Corporation and the Job Partnership Training Council. It will be chaired by the Director of State Operations and Policy Management.

Liberty Career Grants

Currently half of all high school graduates do not attend college. In the coming years, the economy will depend as much on these individuals as on those college educated. Unfortunately, this "forgotten half" seldom receives the training that is essential for jobs of the Twenty-first Century. New York State will lead the nation in responding to the needs of those youths who strive to make the transition from high school to the world of work by developing a Liberty Career Grant Program.

Gateway Program

The JTPC task force report identified the need to organize the delivery of training services around the needs of individuals. For any client, the number of entrance interviews and skills assessments must be kept to a minimum. People seeking training must have ready access to good information about all programs and services available no matter where they enter the system. Many State agencies have made great strides toward achieving this within their own delivery network. The challenge is to make this universal throughout the entire workforce preparation system.

To make the system more responsive to the needs of people we will develop a GATEWAY (Gaining Access to the Emerging Workforce for Adults and Youth) program. Under this program, State agencies and service providers will jointly establish a comprehensive network of services that will be immediately accessible to all residents and businesses.

Apprenticeship Training

New York has a long and proud tradition of support for apprenticeship programs. Such programs serve a number of public purposes; allowing employers and employees to participate in a cooperative training effort and helping to support affirmative action goals. The State has underscored its commitment to such programs through the yearly appropriation of funds for apprentice program classroom-related instruction. This year we will provide enhanced funding for such training.

Increasing the Minimum Wage

Congress recently enacted a long overdue increase in the federal minimum wage. This increase, which I have advocated for quite some time, was the first since 1981 and followed the longest period without an increase since New York adopted a minimum wage. Effective April 1, 1990, the minimum wage will increase to \$3.80 an hour and go up to \$4.25 a year later.

The income potential of full-time employment at the minimum wage provided little incentive for public assistance recipients to accept minimum wage employment. Full-time work at \$3.35 per hour yields only slightly more than a family of three receives in public assistance and less than that received by families of four or more. There is actually a disincentive for public assistance recipients to work at the minimum wage when the costs of working, such as personal income and social security taxes, child care and transportation expenses are

considered. These reasons compel me to call once again for an increase in New York's minimum wage to match the recent federal increase.

Collective Bargaining

The New York State Labor Relations Act specifically exempts farmworkers from coverage. The deliberations of the Task Force on Agricultural Employment, Education and Labor clearly indicates the need for additional information and analysis on this important issue. I am therefore requesting that the New York State School of Industrial and Labor Relations and the College of Agriculture and Life Sciences study the collective bargaining issue this year and report their findings by December 1, 1990.

Coordinated Services for Veterans

Last year, I named Tom Lewis Director of the Division of Veterans' Affairs, to spearhead a statewide effort to ensure that veterans have maximum knowledge of and access to all benefits available to them. In that same year, the Department of Labor established a Veterans' Bill of Rights for Employment Services. This bill gives veterans preferential access to a wide-range of services and information related to employment and training.

This year, I will ask the Division to continue its efforts with the various federal agencies involved in benefits and medical care for veterans. Additionally, I am directing the Department of Labor and the Division of Veterans' Affairs to work together more closely to serve all veterans in an effective and coordinated manner. These efforts will include, where appropriate, the placement of services in Department of Labor Community Services Centers and other common locations throughout the State, thereby making it easier for veterans to access services.

Inter-Agency Pilot Projects

Various communities throughout the State of New York have a high concentration of families receiving Aid to Families with Dependent Children. These areas are additionally burdened by high unemployment rates and a large concentration of the working poor. In keeping with our Neighborhood Based Strategy for the Decade of the Child, I will direct the Departments of Labor, Social Services and Education to design pilot projects for the specific needs of communities in Buffalo, Brooklyn and Harlem. The goal of each of these projects is to develop solid employment opportunities for the designated regions.

The upcoming World University Games, scheduled for 1993 in Buffalo, will bring many job opportunities to Western New York. The Department of Labor's Community Service Centers, the Department of Social Services' CEOSC, and the State Education Department's ACCESS centers and CASSET sites will jointly develop a program to use this event as a focus to prepare public assistance recipients and other unemployed and underemployed individuals to compete effectively in the workforce. By preparing this segment of the population in employment opportunities that have been made available through the pre-planning, planning and events surrounding the World University Games, we will provide this workforce with the skills necessary to obtain future employment opportunities in this region.

In Brooklyn, plans are in the works for Metrotech, a 4.7 million square foot commercial, academic and hi-tech office complex. In an effort to help prepare the local labor pool for these opportunities, a multi-agency approach to human resource development will be put into place. The Department of Labor which has a site adjacent to Metrotech, will modify the site to include all employment, training, education and social services from the Departments of Labor, Education and Social Services, as well as other agencies and community-based organizations.

In Harlem, plans are progressing for the Third World Trade Center. The Department of Labor already has an office located on 125th Street that will soon be converted to a Community Service Center. Utilizing the goals outlined before, this location will also incorporate services of the Education Department's adult learning programs and the Department of Social Services' support programs. This will assure an integrated service delivery system which includes such elements as case conferences and shared data. These projects will demonstrate the value of State agencies working collectively to decrease the number of public assistance recipients and increase the strength of the labor force.

Increased Coordination, Improved Service

As we rapidly approach the Twenty-first Century, our methods of service delivery for the unemployed and underemployed must also change. They must become more efficient and better coordinated.

Recent federal legislation has called for coordination among federally-funded programs such as JOBS, EDWAA, WARN and JTPA, which address the needs of the unemployed, the untrained, the economically disadvantaged and the dislocated worker. New York State agencies have already instituted initiatives that enhance the coordination of services. These programs include the Department of Labor's Community Service Centers, the State Education Department's Adult Centers for Comprehensive Education and Support Services (ACCESS) Centers and Counseling, Assessment and Support Services for Education and Training (CASSET) sites and the Department of Social Services Comprehensive Employment Opportunity Support Centers (CEOSC) Centers. This year I will call for these agencies to further their commitment to integrated services.

Improving Services for Persons with Disabilities

One of the greatest challenges facing us this decade is to develop a sufficient pool of qualified workers to meet future workforce demands for a healthy economy. Never before has there been such a need to develop every possible human resource. One such reservoir of talent and experience that must be tapped to meet our future labor needs can be found among the majority of the approximately two and a half million New Yorkers with disabilities. Central to that effort is the enhancement of their employment opportunities and independent living skills. Success in these efforts will require more than the continuation of the cooperative working relationship of State agencies with the State Education Department. Ultimately, it will also depend upon all elements of society thinking of persons with disabilities as a valued resource whose development is critical to the future well being of all New Yorkers.

In the past six months, major strides have been achieved in the cooperative working relationships of various State agencies with the State Department of Education. In July I signed, with Chancellor Martin Barell, a Memorandum of Agreement creating an Interagency Council for Vocational Rehabilitation. The goal of this Council is to improve and coordinate the efforts of State agencies in the planning and delivery of vocational rehabilitation and related services to persons with disabilities. My special thanks to the Chancellor and the Board of Regents and to Tom Sobol, Commissioner of the State Education Department, for their cooperation and commitment to this effort.

The creation of this Council resulted from the recognition that the current system for delivering services to persons with disabilities needed new direction. The present system is a confusing and duplicative constellation of many disjointed systems, spread across a number of State agencies with unclear lines of responsibility.

The Interagency Council, with the assistance of an Advisory Group representing community-based service providers, parents and persons with disabilities, represents a long term effort. A broad number of issues have already been reviewed. We will begin, however, by initially focussing on two major areas -- improving employment opportunities and streamlining the eligibility and intake process. We must first ensure that all individuals who are disabled will continue to receive appropriate services and supports to meet their current and future needs, including long term support services. Clear lines of responsibility for a variety of current employment programs, such as supported work and sheltered employment, must be established. To consolidate these efforts, major revisions are required in the current responsibilities of OMRDD and the Office of Vocational and Educational Services for Individuals with Disabilities (VESID) in the State Education Department. My budget will propose the necessary transfer of dollars to reflect OMRDD's primary responsibility for sheltered employment, and VESID's for supported work programs and other types of integrated employment. At the same time, I will propose funds to enhance VESID's efforts in the area of supported work.

Special employment programs targeted toward serving persons with mental illness will continue to be administered by the Office of Mental Health (OMH). I will ask OMH to work with VESID over the next year to develop a plan which integrates these services with the VESID supported work program.

The Council will also assist the State Education Department which has initiated a thorough review of the system currently in place to purchase goods and services necessary for a successful rehabilitation. This review is necessary, but we must make some interim changes while we await recommendations for a systematic overhaul. The Purchase of Services System (POSS) rates, which have not been revised since 1984, are now so out of date that they often constitute a significant barrier to obtaining needed services. I will recommend funds to provide immediate increases while awaiting recommendations for long term changes.

We will streamline the eligibility process by standardizing eligibility criteria, developing reciprocity across systems and requiring cross systems training. These changes will greatly expedite access and help increase the number of persons entering the system. As a first step

in this process, I am recommending funds to raise the income level for eligibility for certain key services. Our current income eligibility standard, established in 1979, is so low that an individual in a family of four with an income of \$12,000 must be denied financial assistance for the purchase of adaptive equipment or for other much needed services. Since the individual usually does not have sufficient disposable income to buy the service VESID recommends to improve employability, the individual cannot benefit significantly from the counselling he or she does receive.

We also need to give special attention to the needs of individuals who are blind or visually impaired. The Council will therefore review how services to these individuals can be improved. My Budget will include additional funds to expand both vocational and non-vocational services.

Americans with Disabilities Act

We will continue our vigilance in assuring that all residents of this state have full opportunity and freedom of choice. The Americans with Disabilities Act, which Congress is expected to enact soon, will further protect people with disabilities from discrimination in employment, transportation, public accommodations, activities of state and local government and telecommunications.

This long overdue measure complements protections provided by our Human Rights Law and Civil Rights Law. Upon passage, I will ask the State Advocate for the Disabled, the Attorney General and the Human Rights Commissioner to develop a plan that will inform all New Yorkers of these protections and assist the public and private sectors to meet its requirements. At the same time, I will continue to pursue enactment of two important legislative initiatives I submitted to you last year. My proposals to assure people with disabilities better access to public transportation services in major urban areas and to clarify employer responsibilities for the provision of reasonable accommodations in the workplace are consistent with the principles of the Americans with Disabilities Act and with our long-standing commitment to equal opportunity. There is a wealth of talent and energy in this constituency, and it is in the best interest of New Yorkers to take full advantage of all that people with disabilities can contribute by their participation in the mainstream of community life.

Building a State Workforce in the 1990's

Last year, the Twenty-first Century Report produced by the Governor's Office of Employee Relations and the Rockefeller Institute challenged New York State to continue its progressive tradition in human resource management and innovation. It made clear that as we enter the last decade of this century, New York State will require still more qualified, trained and motivated men and women in public service. State and local government employees are our most valuable asset in designing and delivering the services New Yorkers need to fight drug abuse, protect our environment, educate our young people and care for those among us who are elderly or ill.

New York State's first annual Workforce Plan, completed and issued by the Department of Civil Service, tells us that in the years ahead, State government will encounter a shrinking supply of new, younger workers -- many of whom are not presently well prepared to meet the

demands of jobs that will require more reading, math and reasoning skills. At the same time, most of the growth in the labor force will occur among minorities, immigrants and women -- groups that have been traditionally underutilized in the workplace. The Workforce Plan states that shortages of labor and high turnover in certain occupations already exist for State government, particularly in the New York Metropolitan area.

These reports make a strong case -- as an employer, we must expand our productivity and efficiency and improve the opportunities for and skill levels of our State employees. To maintain high quality services, we must also retain high quality employees.

Planning and preparing for the Twenty-first Century cannot be solely a management responsibility. Our public employee unions will play a prominent role in helping us determine and shape our future. We deal with problems cooperatively, in open forums that allow labor and management to work together to find solutions. At my direction, Elizabeth D. Moore, Director of the Governor's Office of Employee Relations, will work with the leaders of our public employee unions and the Department of Civil Service, to form labor/management committees on the future State workforce. One of these committees has already been established with the Civil Service Employees' Association; I look forward to its initial findings and suggestions.

Affirmative Action and Cultural Diversity

The State's affirmative action programs must be strengthened, to reach out to currently underutilized labor pools and bring them into State service. The Department of Civil Service will continue to make civil service exam announcements more available to the public, simplifying their presentation and producing exams in multiple languages for those job candidates whose first language is not English. The Department will also produce new instructional guides to help demystify the civil service examination system and the criteria of merit and fitness. In addition, the Department's Division of Affirmative Careers will work closely with State agencies to develop targeted recruitment techniques that, when combined with job restructuring, will greatly expand the pool of workers available for State employment.

This year, a pilot project to provide increased access to both the public and to various minority populations interested in State jobs will be initiated by the Departments of Civil Service and Labor at three of DOL's Community Service Centers in the New York City area. The pilot sites will have bilingual staff available to assist clients in filling out applications for civil service exams and to explain job opportunities in various State agencies. This effort will be undertaken in consultation with the Governor's Office of Employee Relations, Offices for Black and Hispanic Affairs and the Division for Women.

To ensure a quality workforce in a framework consistent with its constitutional mandate regarding merit and fitness, the Department of Civil Service will continue to work closely with agency affirmative action officers and human resource managers to provide enhanced promotional opportunities and career mobility for those minorities, women and employees with disabilities already in State service.

With increasing cultural diversity in both the State workforce and the citizenry we serve, it is critical that we, as an employer and as a government, promote understanding and appreciation of cultural diversity. We must harness the talent, creativity and energy that a more culturally diverse workforce generates. As a first step, we must recognize and accept the value of cultural diversity. Each of us brings to work different skills, different talents and levels of expertise. By recognizing diversity, we acknowledge its strength. Through this knowledge, we must work together to ensure harmony and the maximum contribution of all.

The Governor's Office of Employee Relations and the Department of Civil Service are working to increase our knowledge and understanding of cultural diversity. The Cultural Awareness Advisory Committee I called for in last year's Annual Message was formed this year and will assist the agencies as they begin to provide the training necessary to help the State prepare for a culturally diverse workforce and better serve our culturally diverse society.

Strengthening the Partnership

State government's future workforce is now in our schools. High school and college students are working diligently to prepare for the world of work. Many of these students will enter State service, and it is essential for these new workers to possess the skills and knowledge to perform their jobs well, for their own personal benefit and for the benefit of the citizens of New York. As an employer, State government must reach out to our schools and institutions of higher learning to ensure that students have the right skills and to educate them on the challenges of a career in public service.

I am directing my Office of Employee Relations and the Department of Civil Service to develop a joint report describing all our current efforts in working with schools and colleges to match curricula and graduates with State jobs. The report will make recommendations for future State policy by both legislative and programmatic action, focusing on the unique needs of State government as an employer, in order to help strengthen the partnership between our education system and State service.

Empire State Internships

During my Administration, one successful approach State Government has used to recruit qualified and talented workers has been the use of internships. I have been impressed by the efforts of various individual State agencies in using these programs to reach out to disadvantaged and minority youth and encourage them to pursue public service careers.

The State Education Department's "Minority Internship Program" is a notable example of an effort to increase involvement, interest, and knowledge of public service. In the spirit of such programs, and in order to make more efficient use of our resources, I will ask all State agencies to collaborate in the formation of a statewide, Empire State Internship Program.

This effort will be directed by an Empire State Internship Committee composed of representatives of participating agencies, and co-chaired by Elizabeth Moore of the Governor's Office of Employee Relations and Commissioner Walter Broadnax of the Civil Service Department. The committee will evaluate our present efforts, coordinate training and criteria

for internships, and make recommendations on how to accelerate the recruitment of disadvantaged, minority and immigrant youths into State service.

The Department of Civil Service and the Governor's Office of Employee Relations, in cooperation with the Job Training Partnership Council, will review and assess various pilot projects that address labor shortages in key occupational areas.

Career Opportunities for Current State Workers

Those already in State service must be afforded increased career opportunities and cross-agency mobility, while State agencies need the ability to redeploy workers into new tasks. These objectives must be accomplished consistent with good human resource management practice and sound labor relations policy.

I will continue the retraining for redeployment initiative, to provide additional alternatives for our employees. The Department of Civil Service will open as part of the State's ongoing efforts, a Career Center to provide counseling, referral and placement services to individual State employees seeking assistance in planning the continuity of their careers in State government.

To utilize more fully the experience and skills of senior state employees, the Department of Civil Service will develop and manage a program to match these employees on a voluntary basis with new roles in agencies where they are needed. These senior employees will be able to share their insights with junior staff members, passing along a legacy of expertise.

Employee Involvement

Labor-Management cooperation has allowed State government and the public employee unions to attain significant accomplishments to improve the quality of work life of employees, to increase the productivity of State agencies and to improve the quality of public services. Because of the enormous challenges that face us over the next decade, we need to draw upon the vast intellectual resources and knowledge held by the best public work force in the nation. I propose that we use employee involvement as a vehicle to encourage innovation and increase productivity in the workplace. Many employers have attained new levels of efficiency and worker satisfaction through employee involvement. I will direct the Governor's Office of Employee Relations to expand the dialogue with the leaders of our public employee unions and the leaders of State agencies to explore how we might implement employee involvement in New York State. An action plan on employee involvement will be developed and submitted to me for review by September, 1990.

ENVIRONMENTAL PROTECTION

New York has a rich tradition of bipartisan support for environmental protection, a tradition that began over a century ago when New Yorkers had the foresight to set aside large tracts of the Adirondacks and Catskills and to declare them to be "forever wild." Unbeknown to them, that group of New Yorkers became the pioneers of a whole new attitude towards nature, by writing into law the simple truth that we cannot hope to survive if we destroy our natural surroundings.

That tradition and its ethic of stewardship have flourished and grown stronger in New York without respect to partisan politics. Over the last seven years, we have built upon this heritage, enriching it with the passage of such important measures as the 1986 Environmental Quality Bond Act, the State's pathsetting Acid Rain Deposition Control Act, new environmental crime legislation, tough new water quality standards and solid waste management regulations, just and equitable toxic tort legislation, implementation of the Great Lakes Charter, and a new multi-billion dollar wastewater treatment financial assistance program. While we have done so much, there is so much more we can do.

The environmental problems our planet confronts today are great. Acid rain, global warming, depletion of the ozone layer, destruction of tropical rain forests and the fouling of our oceans warn us anew that we will not prosper if we continue to treat nature as a raw material to be used, abused and discarded.

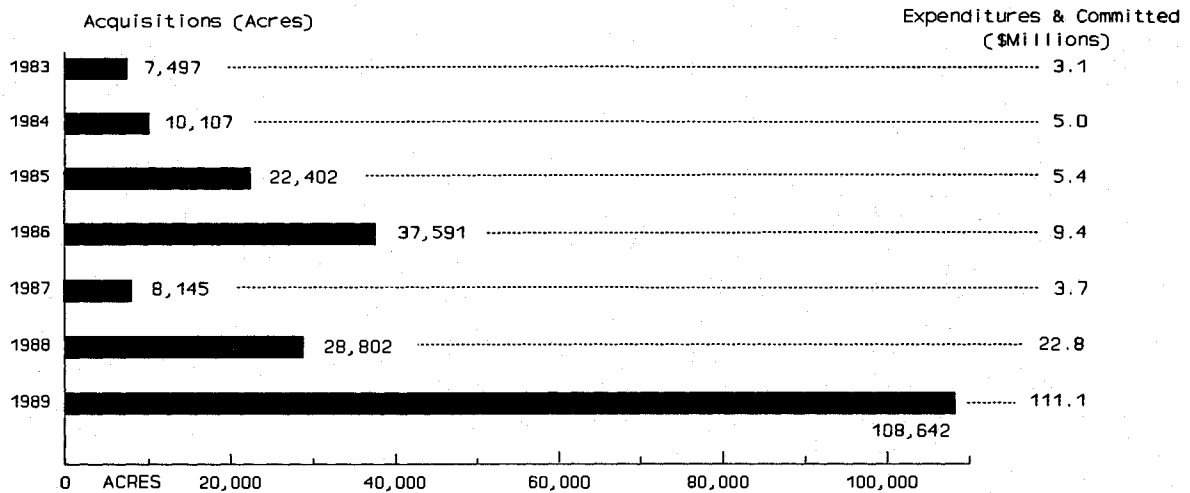
This year we celebrate the 20th anniversary of Earth Day, which marked the emergence of the modern American environmental movement. This celebration is an appropriate occasion to recommit ourselves to addressing the formidable ecological challenges that lie ahead.

We should be guided by the simple wisdom of the Kenyan proverb: "Treat the earth well. It was not given to you by your parents. It was loaned to you by your children."

Environmental Quality Bond Act

In 1986, I proposed and the Legislature and voters approved a \$1.45 billion Environmental Quality Bond Act, \$250 million of which was dedicated for land acquisition, municipal park and historic preservation projects. Thanks to the extraordinary efforts of State Environmental Conservation Commissioner Thomas C. Jorling and State Parks Commissioner Orin Lehman, we have committed nearly the entire \$250 million in a time frame that no one thought possible. Since 1983 the State has acquired, with funds from our 1972 and 1986 Bond Acts, nearly 250,000 acres of valuable lands. The Diamond International and Yorkshire Timber lands, the Boegner Estate, Barcelona Neck, Sloop Hill, Dennings Point, Camp Kaufman, the Mongaup Valley and Beech Mountain are among the jewels which future generations will enjoy as a result of our efforts. In addition, we will have awarded, by the end of the 1989-90 State fiscal year, \$95 million in grants for worthy municipal park, Urban Cultural Park and historic preservation projects.

1972 & 1986 Environmental Quality Bond Acts Annual Acquisitions, Expenditures & Commitments



As we approach the Twenty-first Century, we will be called upon to define New York's landscape for the next millennium. This is an awesome and inescapable responsibility. At the same time, solid waste management has become one of today's most urgent environmental concerns.

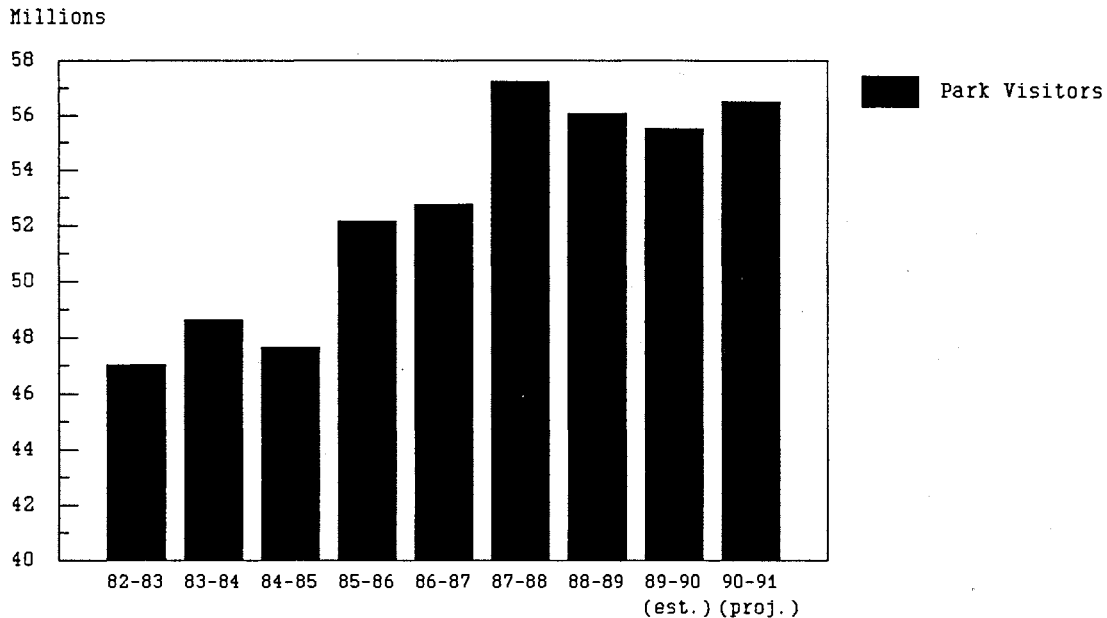
We must assure that the State's landscape is allocated in a manner which reflects the public interest in promoting the retention of open space and working landscapes, protecting vulnerable ecosystems and habitats, providing resources for growing recreational demands and preserving the economic, social and cultural character of regions like the Adirondacks, Catskills and Tug Hill. We must also provide more resources to support our innovative solid waste management programs.

Accordingly, I will propose a \$1.9 billion Environmental Quality Bond Act to fund, through the year 2000, our land acquisition, municipal park and historic preservation efforts. The Bond Act will also provide funds for solid waste management initiatives as well as for enhanced stewardship of State resources. As part of my proposed Environmental Quality Bond Act, I will recommend that we implement three large scale intensive municipal recycling demonstration projects throughout the State. The projects will study the effectiveness of a variety of techniques to achieve high rates of recycling. Information from these projects can then be utilized by municipalities throughout the State to assist them in implementing recycling efforts. In addition, the Bond Act will include funds to implement a targeted matching grant program for municipal governments to assist in the cost of closure of non-hazardous municipal landfills.

Parks

The New York State park system is one of our State's great treasures. Our 180 parks and historic sites provide unparalleled recreational opportunities for over 55 million visitors each year.

State Park Attendance



As stewards of the oldest and largest State Park system in the nation, we have a responsibility to ensure its preservation and enhancement. The Office of Parks, Recreation and Historic Preservation will develop a 10-year stewardship action plan for our State Park system. While efforts to plan for the future are important, we must do more today to assure proper preservation and maintenance of our State Park system. I will propose additional resources in my Budget to increase maintenance staffing at State Park facilities. My 1990 Environmental Quality Bond Act will also provide resources for important capital projects to preserve and enhance our State Parks and historic sites.

Our State Park system can play an important role in our efforts to provide children with expanded educational and recreational opportunities and provide an alternative to the education learned on city streets. Clearly, we must do more to utilize the system's recreational and educational resources to benefit young people. We will increase our efforts to utilize State Parks to provide recreational opportunities, environmental education and job skills for young people through programs such as the New York State Conservation Corps and to teach them about the dangers of drug abuse.

Solid Waste Management

It is essential for the environmental and economic well being of our State that we continue to develop environmentally sound and fiscally prudent solid waste disposal options. Our solid waste management efforts must emphasize waste reduction and recycling as the preferred options. We have adopted a goal in New York of reducing our waste stream by 50 percent through waste reduction and recycling by 1997. This is the most aggressive goal of any State in the nation.

We have taken significant steps to assure proper disposal of solid waste. The 1988 Solid Waste Management Act provided funds for local recycling and solid waste planning efforts and for the development of industries that utilize secondary materials. It required municipalities to adopt source separation ordinances by 1992 and provided technical assistance to local governments. It also established a Bureau of Waste Reduction and Recycling within the Department of Environmental Conservation. In addition, under the leadership of Commissioner Jorling, we have implemented the most comprehensive solid waste regulations in the nation. My proposed 1990 Environmental Quality Bond Act will continue our progress by providing funds for recycling and landfill closure projects.

For the last five years, I have proposed that we recapture unclaimed beverage container deposits and dedicate them for solid waste management assistance to local governments. Since the enactment of the bottle bill, the beverage industry has retained more than \$450 million in unclaimed deposits. Each year the Legislature has refused to address this issue by not bringing it to a vote. We must resolve this issue once and for all.

In September, I appointed a Moreland Act Commission to investigate the effectiveness of the bottle bill. I specifically asked the Commission to study the question of whether or not unclaimed deposits should be taken from the beverage industry and devoted to a public purpose. I look forward to receiving the Commission's final report by March 15 of this year.

I will also propose a comprehensive recycling bill that will include expansion of the existing bottle bill, limits on the landfilling or incineration of recyclable materials including all yard waste and a ban on incineration of non-combustible materials. This year's State of the State Message is, for the first time, printed on recycled paper.

The Department of Economic Development has been given a major role in fostering and promoting the expansion of markets for secondary materials - materials otherwise destined for the waste stream, but recovered for recycling. One particular area that has received market development attention is newspaper recycling. Currently, the supply of old newspapers is growing faster than demand. The resulting imbalance has led to declining prices and a noticeable decline in the quality of old newspapers being made available to the limited number of recycled paper manufacturers.

To restore balance to the market, demand for old newspapers will have to expand. The greatest opportunity of stimulating this expansion is in the manufacture of newsprint. At my direction, Economic Development Director Vincent Tese and Commissioner of Environmental Conservation Tom Jorling initiated a State newspaper industry task force to develop an action

plan to increase the use of old newspapers in newsprint production. Recently, the Task Force released its report outlining actions to be taken by newspaper publishers and the State to increase demand for recycled newsprint, increase the availability of that product, and ensure that New York communities provide a reliable and stable source of quality old newspaper supplies. We are committed to this action plan and see this effort as a model for cooperation between the public and private sectors.

The centerpiece of the Task Force's action plan is a commitment by the publishers of New York's daily newspapers to increase their consumption of recycled newsprint according to a schedule of successively higher purchasing goals through the year 2000. A concerted effort by New York's newsprint users to adhere to this schedule would more than triple the use of recycled newsprint by 1995 and increase use sixfold by 2000.

Closely associated with the Newspaper Recycling Task Force is our continuing efforts to locate in New York a major newsprint manufacturing facility using recycled newsprint as its primary raw material. Our success on this front will further reinforce a demand increase for the old newspapers discarded by New Yorkers.

Last year we implemented tough new regulations governing the operation of construction and demolition debris landfills that have become a major source of pollution throughout our State. This year, I propose that we provide additional resources to the Department of Environmental Conservation to assure that these landfills either comply with our regulations or are closed.

The Energy Research and Development Authority (ERDA) is a national leader in realizing the substantial energy potential contained in municipal waste. I will direct ERDA to accelerate important research efforts to advance the state-of-the-art in converting plastics and cellulosic waste to clean fuels and chemicals, reduce the amount of waste that must be disposed of from existing industrial processes, and develop technologies to produce secondary products from recyclable materials. In cooperation with the Departments of Environmental Conservation and Economic Development, the Energy Authority will evaluate and demonstrate low-cost, environmentally acceptable, interim storage options for recyclable materials until markets for these materials can be developed.

Natural Resources

New York is rich in fish and wildlife resources. The Conservation Fund, which consists primarily of revenues raised from the sale of hunting and fishing licenses, has not kept pace with the demands placed upon it. Accordingly, I will propose, in my Executive Budget, an increase of \$2.5 million in General Fund support for the State's fish and wildlife programs thereby avoiding the need to increase hunting and fishing license fees. It will also provide necessary resources to improve species and habitat management and expand recreational opportunities. I will also propose the creation of a marine recreational license to provide the Department of Environmental Conservation with the resources necessary to manage this vital fishery resource. The new license fee will also allow for improved public access to marine waters, particularly in congested or inaccessible areas.

In 1987, I appointed a Task Force on the Forest Industry, chaired by Dr. Ross Whaley, President of the State University College of Environmental Science and Forestry. The Task Force recently completed its work, which includes 17 major recommendations to improve management of private and public forests. We will begin the process of implementing many of these recommendations that will enhance the climate for investment in the forest products industry in New York State.

New York's freshwater wetlands provide wildlife habitat, ecological diversity and flood protection, as well as enhance the quality of the State's waters. In keeping with New York's long history of freshwater wetland protection, and building upon the tidal wetlands legislation I signed last year, I will propose legislation to implement many of the recommendations of the Department of Environmental Conservation's Freshwater Wetlands Advisory Committee that would improve New York's freshwater wetlands regulatory program. I will issue an Executive Order requiring all State agencies to meet the goal of "no overall net loss of wetlands" that was established by the National Wetlands Policy Forum. I will also direct the Department of Environmental Conservation and the Adirondack Park Agency to prepare a State Wetlands Conservation Plan.

The Adirondacks and Catskills have long been cherished and protected by New Yorkers. In 1989, I established the Commission on the Adirondacks in the Twenty-first Century, under the chairmanship of National Audubon Society president Peter Berle, to examine issues facing this great Park and to make recommendations to preserve its legacy. While I look forward to its final report due April 1st, I appreciate the ongoing efforts of the Adirondack Park Agency and the personal efforts of its chairman, Woody Cole, in responding to increased development pressure on the Park and in implementing an unparalleled environmental education program at its Visitor Center at Paul Smith's College. As the Agency continues to act on today's challenges, I am mindful of the Adirondack Park's rich history, which dates back to 1892. As we approach the Park's Centennial, I will issue an Executive Order designating the Adirondack Park Agency as the lead agency for organizing the 1992 Centennial celebration.

Development activities in the Catskill Park raise serious concerns over their impact on the rich resources of the Catskills, particularly its waterways and environmentally sensitive lands. To address these concerns, I will establish a Commission on the Catskills in the Twenty-First Century to examine what actions may be necessary to protect the lands of the Catskills and its regional water supplies and to address the problem of speculative land sales.

Environmental education is the key to protecting New York's precious natural resources for future generations. There are rich and diversified public and private environmental education programs throughout the State, but greater effort and coordination is needed to ensure that New Yorkers, as well as visitors to this state, have the opportunity to learn more about our wealth of natural resources and the importance of protecting them. Assemblyman Maurice Hinchey and Senator Owen Johnson have recently conducted hearings that provided valuable insights into areas in particular need of attention. Accordingly, I will ask the Department of Environmental Conservation, the Office of Parks, Recreation and Historic Preservation, the Adirondack Park Agency, and the State Education Department to work together with private environmental education organizations to develop a comprehensive environmental education program. I propose that this task force hold regional forums

throughout the State to compile a complete inventory of existing resources and to examine the need for additional efforts such as enhanced pre-service training of teachers.

Lake Champlain is a priceless natural resource shared by the people of New York, Vermont and Quebec. Last year we entered into a joint agreement with Vermont and Quebec to assure improved cooperation in the management, protection and enhancement of the Lake. I will propose funding for the next steps of this important initiative and to implement the Lake Champlain sea lamprey control program.

The magnificent Hudson River Valley is well known for its natural beauty and its historic and cultural resources. I look forward to receiving this November the recommendations of the Hudson River Greenway Council which, under the leadership of Barney McHenry, is developing a plan for the protection and enhancement of the extraordinary resources of the Valley.

We must also protect the Hudson River and its waterfront in New York City. I will seek at the earliest possible date an agreement with the City administration, in cooperation with the West Side Waterfront Panel, to ensure that large sections of the Hudson River along the West Side of Manhattan remain open and undeveloped forever.

Enforcement

As one of my highest environmental priorities for this year, I will again propose legislation granting private citizens the right to initiate law suits to compel compliance with our environmental laws. Passage of this legislation will allow the State to marshal the resources and assistance of concerned citizens in assuring compliance with our laws. Citizen suit authority already exists at the federal level and in more than 30 other states.

We must do more to deter and punish those who seek to contaminate our environment and endanger public health. Therefore, I will propose omnibus enforcement legislation to toughen penalties for violations of our environmental laws.

The increased role of organized crime as a violator of our environmental laws, particularly in the areas of solid and hazardous waste management, calls for a tough and specialized response. Therefore, I will provide resources in my budget for creation of a specially trained unit within the Department of Environmental Conservation to respond aggressively to this dangerous trend.

To address the many issues associated with permitting and/or remediation activities at complex industrial facilities, the Department will establish, on a selective basis, intermedia task forces. The purpose is to assure the delivery of an integrated regulatory program at these sites that provides maximum protection for the environment while assuring the regulated community prompt and fair Departmental decisions.

Air Quality

It is increasingly clear that we can no longer take for granted the quality of the air we breathe. The emission of gases contributing to global warming, the use of chemicals that destroy the ozone layer and the introduction of conventional and toxic pollutants into the atmosphere pose a serious threat not only to the availability of fresh air but to the very existence of our planet.

It is essential that Congress reauthorize the Clean Air Act this year. Only through action at the national level can we effectively address air quality issues. We in New York are prepared to make the hard choices necessary to assure clean air. We are no stranger to initiating environmental protection programs in the absence of action at the federal level. However, the federal government must recognize its responsibility for regulating interstate pollution.

Last year, in cooperation with Governors Kunin and Kean, the National Governors' Association and Cornell University, we convened a Conference on Global Warming which developed practical recommendations that individual states and the federal government can implement to address this threat. This year we will implement many of the report's recommendations. In the absence of federal action, I will propose legislation to phase out the use of chlorofluorocarbons and halons in New York State.

Scientists agree that reforestation efforts can play an important role in combatting global warming. Due to the efforts of our forest products industry, State nursery, land preservation efforts and environmentally educated citizenry, more trees are planted each year in New York than are harvested. However, we can and must do more, particularly in our urban areas. Therefore, I will propose resources in my budget for a major reforestation effort in New York State.

We will increase from 6,000,000 to 8,000,000 the number of trees produced annually at the State's Saratoga Nursery for planting throughout the State. Our education programs such as Project Learning Tree and our School Seedling program will be expanded. Through an expanded urban forestry program, we will encourage the planting of trees in urban areas. We will also expand our Arbor Day celebration so that more of our citizens are encouraged to plant and maintain trees. We will increase the planting of trees at State facilities and on State-owned lands and encourage the private sector to do the same.

We have already implemented a number of initiatives to improve air quality, including the requirement for fuel vapor recovery systems and fuel volatility reductions. This year, we will begin the process of developing State Implementation Plans for the increasing number of areas of the State in violation of existing air quality standards. These plans will outline specific measures to correct air quality problems. We will also implement a new air quality protection program for the Adirondacks. My 1990 Budget will include funds for additional staff to implement these initiatives.

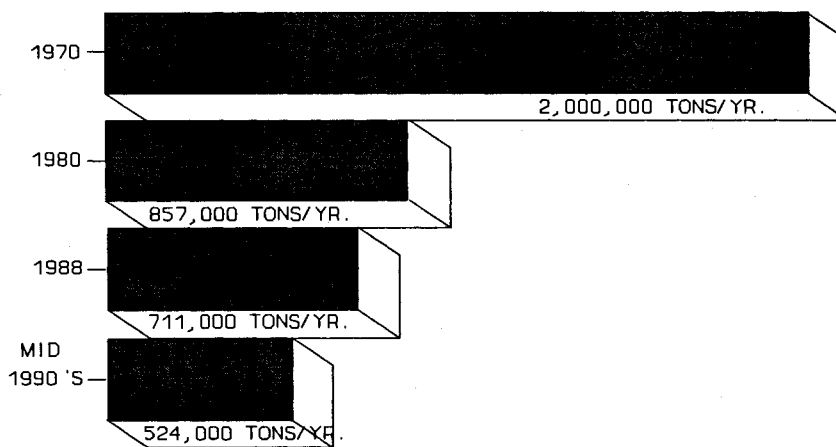
Motor vehicles are the largest single source of ozone precursor and carbon monoxide emissions in New York State. As we announced last summer, in the absence of federal action,

we will proceed with adoption of the California auto emissions standards, the most stringent automotive emission standards in the world. Implementation of these standards will lead to a major reduction in pollution in our metropolitan areas by requiring automakers to make cars as clean as technologically possible.

We will also initiate development of a comprehensive mobile source control program in New York State that will focus upon the development of alternative fuels, regulation of pollutants from heavy duty vehicles and toxic emissions from mobile sources. The program will also assure that the requirements of our inspection and maintenance program and the California auto emission standards are being met.

In 1983, I signed the Acid Rain Deposition Control Act which required a 17 percent reduction in sulfur dioxide emissions by 1988. I am pleased to report that we have met the requirements of this Act. This year, as required by the Act, the Department of Environmental Conservation will develop, for presentation to the Legislature in 1991, the second stage of emission reductions.

Sulfur Dioxide Emissions in New York State



My budget will also propose funding to continue our multi-year effort to expand and upgrade the State air quality monitoring network which monitors levels of acid rain and conventional and toxic pollutants in our air.

Hazardous Materials

I will propose comprehensive pesticide legislation that will provide enhanced resources for the DEC's pesticide regulatory, education and training programs; limit the liability of farmers for groundwater pollution; and allow farmers to apply pesticides in a manner at variance with label requirements, if such variance is necessary from an agricultural perspective and is environmentally sound.

It is essential that our State pesticide programs are balanced. They must provide high levels of protection for the environment and public health while, at the same time, allowing for continuation of a prosperous agricultural industry in New York. This was one of the issues discussed at my 1988 Conference on Agriculture and the Environment. Clearly, however, many differences remain among the environmental community, pesticide users such as farmers, and the pesticide industry. In order to continue the dialogue we established last year and assure that our pesticide programs provide the appropriate balance, I will also establish a task force on State pesticide policy to identify issues of particular concern and make policy recommendations.

Attorney General Robert Abrams and I will again propose legislation this year requiring industries to develop emergency and risk management plans to address potential releases of hazardous substances into the environment and to require immediate reporting of accidental releases to the appropriate governmental agencies.

I will propose legislation to assist local communities in dealing with the potential economic, environmental and public health impacts associated with the siting of a low-level nuclear waste management facility and to eliminate the requirement in State law that the State take title and assume liability for privately generated waste. In addition, I have announced that the State will file a lawsuit to challenge the constitutionality of the federal law which imposes upon the states responsibility to develop low-level nuclear waste management facilities to handle wastes generated within our borders.

Last year, New York's model oil and chemical spill cleanup program responded to over 10,000 spills. I will propose resources in my Budget to increase the program's staff in order to assure that the staggering number of spills that occur each year are adequately addressed.

With funds provided by the 1986 Environmental Quality Bond Act, responsible parties and the federal Superfund, we have implemented the most aggressive hazardous waste site remediation program in the nation. Remediation has already been completed at 97 sites. Remediation or enforcement activities are underway at an additional 358 sites. Nearly 600 sites are being investigated. This year I will propose additional resources in my budget to accelerate the investigation of sites, increase oversight of remedial projects funded by responsible parties, and provide for additional oversight of completed projects.

I will also propose legislation clarifying the State's authority to recover costs from responsible parties, eliminating certain inconsistencies between State and federal law and authorizing the Department of Environmental Conservation to remediate sites where hazardous substances pose an imminent threat to health and safety.

Water Resources

We must pay more attention to our 3,200 mile coast that is the home to 13 million New Yorkers. From Niagara Falls to Montauk Point, our coast is a prime recreational area, home to a vital marine industry and an important tourist destination. The quality of life that has lured so many to our coasts is now threatened by unprecedented stress on our coastal

ecosystem. I look forward to the recommendations of my Task Force on Coastal Resources, chaired by Lieutenant Governor Stan Lundine, that will prepare a long-term plan for managing our coastline.

Long Island Sound is an estuary of national significance. It is home to large populations of fish and shellfish, including several endangered species. It is bordered by wetlands and other open spaces that are important for environmental protection and recreation. The Sound is also an area where millions live and work. Pollution from urban runoff, sewage and many other sources threatens to choke the Sound. We must act decisively if the important benefits the Sound provides are to be enjoyed by future generations. I urge the Congress to pass the Long Island Sound Improvement Act that will create an office within the United States Environmental Protection Agency with specific responsibility for coordinating Sound restoration efforts.

New York State will continue to work closely with federal, state, interstate and local agencies in the development of the Long Island Sound Study and Comprehensive Management Plan that are being prepared pursuant to the Clean Water Act. Implementation of this Plan will require federal, state and local resources. I will ask the members of the Bi-State Commission on Long Island Sound to consider, as part of their efforts, funding mechanisms to implement the Plan. I will also ask them to consider whether the States of New York and Connecticut ought to enter into a Long Island Sound Water Quality Agreement to enhance cooperation between the two states in the management of the Sound.

I was pleased to sign legislation last year implementing the Great Lakes Charter, which commits the Great Lakes Basin states and provinces to joint efforts to safeguard the Basin's waters from diversion. I am also pleased that New York State has been accepted as a full member of the Council of Great Lakes Governors, an important regional voice on Great Lakes issues.

The Department of Environmental Conservation has prepared a Great Lakes Management Agenda that will serve as the framework to develop a comprehensive 25-year plan for the Lakes. With the guidance of this plan and the Great Lakes Basin Advisory Council I recently appointed, we will continue to enhance our efforts at protecting the Great Lakes and promoting sustainable development.

With funds from the 1986 Environmental Quality Bond Act, we are remediating hazardous waste sites that impact Great Lakes water quality. We will also continue implementation of the Great Lakes Toxics Agreement that I signed in 1986 and which requires the Great Lakes states to develop comprehensive plans for the control of toxic substances.

This year, I will recommend funds in my Executive Budget for New York's contribution to the Great Lakes Protection Trust Fund, an important initiative of the Council of Great Lakes Governors, that will finance important regional research activities.

ENERGY POLICY FOR THE FUTURE

New Yorkers have long recognized that a safe, affordable and reliable supply of energy is essential for economic growth and social prosperity. However, in choosing a sustainable energy strategy which will guide us into the Twenty-first Century, we should also recognize that we are defining New York's environmental future.

Smog, acid rain and global warming are stark reminders that we cannot develop an intelligent energy policy in isolation from its environmental impacts. Nor can we deal with these problems on a piecemeal basis, or postpone action in the hope that further research may clarify the nature of the problem.

Planning New York's Energy Future

In order to identify the energy policies that will best ensure a reliable, affordable, safe and environmentally sound energy future, I issued an Executive Order directing Energy Commissioner William Cotter, Environmental Commissioner Thomas Jorling and Public Service Commission Chair Peter Bradford to develop a State Integrated Energy Resource Plan. The State Energy Plan, a culmination of extensive public participation and a dedicated interagency effort, was issued last October.

This Plan represents a first for our nation in that energy and environmental agencies worked together to develop specific long-range planning objectives and over 100 actions to achieve those objectives. The Plan underscores New York's commitment to consider and minimize the environmental effects of future energy use while assuring that New York's energy needs are met. The Plan also emphasizes the importance of aggressive action by both the federal and State governments to reduce the alarming growth in oil imports.

We have fashioned an integrated strategy that relies upon, first, pursuit of cost-effective improvements in energy efficiency; second, actions to assure that all energy forms compete fairly in the energy marketplace, recognizing appropriately environmental effects; and third, federal and State steps to reduce emissions from combustion of fossil fuels.

New York's Energy Plan, which could serve as a model for the development of a national energy strategy, highlights the need to recommit ourselves, both as a state and a nation, to a strong energy efficiency program and to expand the use of natural gas as an interim step to a more sustainable energy future. The Plan also advocates the accelerated development of renewable energy sources, calling for greater governmental research, development and demonstration of solar, wind, hydro and biomass.

The State Energy Plan sets forth specific planning objectives to guide our actions and to measure our progress. Principal among these objectives are the following:

- To improve the energy efficiency of the State's economy by achieving a 2.5 percent average annual reduction in the amount of energy consumed per dollar of Gross State Product;

-- To provide reliable energy supplies and improve fuel diversity through the increased use of natural gas and clean coal as a transition to a more sustainable energy future based upon greater efficiency and renewable resources; and

-- To examine further actions that may be necessary to achieve a 20 percent reduction in carbon dioxide emissions by 2008.

The successful implementation of this strategy will improve New York's air quality; reduce the emission of greenhouse gases that cause global climate change; and provide an efficient, affordable, secure and abundant energy supply for our residents and businesses that will allow New York to compete more economically with our neighbors and globally. We begin that implementation with the following agenda for action this year.

Energy Efficiency

The 1990's must be the decade of energy efficiency. The environment demands it, and the economy requires it. Government must be the catalyst for change -- change in the way we use energy, change in the way we procure and market energy. Energy efficiency will be the foundation of New York's energy policy into the next century.

New York must lead by example. I have issued an Executive Order requiring New York's government owned buildings and operations to be 20 percent more efficient by the year 2000. We will accomplish that goal.

Under Bill Cotter's leadership, the State Energy Office will soon complete promulgation of a revised energy efficiency construction code that will demonstrate that cost-effective energy efficient building designs and technologies can meet fully the needs of building owners and occupants.

We must also improve the energy efficiency of the appliances we use. I again call for the establishment of appliance efficiency standards for certain commercial air conditioners. If further federal action is not forthcoming on lamps and fixtures as well as electric motors, I am prepared to introduce State legislation to improve the efficiency of these appliances in New York. Not only do the energy savings justify pursuit of these standards, the widespread environmental benefits in the form of reduced emissions demand that we make every effort to improve the efficiency of energy use.

Recognizing the importance of federal action to improve the efficiency of our transportation system, we will continue to exhort the federal government to increase fuel efficiency standards for new cars to at least 42 miles per gallon by the year 2000, an action which will improve air quality and reduce petroleum consumption by an amount equivalent to the current level of U.S. imports from Saudi Arabia.

To spur improved efficiency in New York's housing, I will direct the State Energy Office, in cooperation with staff from the Departments of Public Service and State, and with builders, realtors and the State's utilities, to develop a Home Energy Rating System. I will also again

advance legislation to improve the Home Insulation and Energy Conservation Act Saving Power Program to improve the energy efficiency in residential homes and multi-family buildings.

We have fashioned an aggressive State-sponsored energy efficiency program through the use of petroleum overcharge recoveries. In the next fiscal year, the State will accumulate in new receipts and interest earnings approximately \$39 million in new petroleum restitutionary overcharge funds. Over the past several years, these funds (amounting to over \$325 million) have played a vital role in shaping New York's energy future. Through 1988, the programs supported by these funds are estimated to have generated annual energy savings of roughly \$855 million.

In 1990, I will propose, as part of my Executive Budget, to use these dwindling petroleum overcharge funds to continue several highly successful energy efficiency programs such as the Low Income Weatherization Program, Energy Advisory Service to Industry, Small Business Energy Efficiency Program, Energy Conservation Bank and the Institutional Conservation Program. By taking advantage of the new flexibility provided through changes in governing federal regulations, I will establish two revolving funds: one for energy efficiency investments in State facilities and one for similar investments in commercial, multi-family and not-for-profit facilities. Over 20 years, these revolving funds, capitalized at \$18 million and \$15 million, respectively, will result in investments of roughly \$150 million in energy improvements.

Under the leadership of Commissioner John Hudacs, the Office of General Services (OGS) will continue to seek new methods to reduce energy consumption and to promote energy efficiency in State buildings. While we are proud of our current accomplishments that save taxpayers at least \$15 million annually in reduced heating, cooling and lighting costs, we can and will do more. OGS will intensify its efforts to improve energy efficiency in State buildings and through its procurement processes to promote the cost effective procurement of fuel and energy efficient commodities for use statewide.

The Public Service Commission, under Peter Bradford's innovative leadership, has directed the utilities to pursue aggressively demand side management (DSM) and energy efficiency programs. The Commission leads the nation in directing utilities to reconcile shareholder and ratepayer interests by ensuring that utilities are given proper incentives to implement widescale programs that improve the efficient use of energy by all ratepayer classes. We must see that it is as profitable for utilities to save kilowatt hours as it is to construct new facilities to produce kilowatt hours.

To insure that ratepayers obtain the greatest benefit from energy efficiency programs at the lowest cost, the Public Service Commission and the State Energy Office will effectively coordinate energy efficiency programs with those of the utilities. Such cooperative programs will likely include, among others, 100 percent rebates to replace inefficient refrigerators for low income households on Long Island and payment of 60-75 percent of the cost of technical feasibility studies for businesses and industries to improve their operating efficiency.

Under the able leadership of Richard Flynn, the New York Power Authority has repeatedly proven its commitment to provide low-cost, environmentally sound sources of power for consumers throughout the State. Building upon its record of accomplishments, I have

directed the Power Authority to concentrate its talents on demand side management. This year, the Power Authority will initiate a \$50 million energy conservation program for its customers. This partnership, backed with a significant financial commitment from the Power Authority, will provide additional energy savings and environmental benefits for both southeastern New York and upstate.

Growing concerns over air emissions should spur greater emphasis on DSM to meet a significant portion of our environmental goals. I have directed the State Energy Office, in cooperation with the Department of Environmental Conservation and with technical assistance from the Energy Research and Development Authority, to initiate a study for submission to the Public Service Commission which identifies program opportunities and costs that could result in an 8 to 10 percent energy and peak demand reduction for electricity by the year 2000, increasing to 15 percent by the year 2008, as a yardstick to measure the State's utility efforts in this area. I have also called on the New York Power Authority to assist in achieving these goals.

Natural Gas and Renewable Resources

Building upon the cornerstone of energy efficiency, the State's integrated strategy requires State actions to assure that all forms of energy compete fairly in the energy marketplace. Enhanced competition among fuels, reflecting environmental externalities in an appropriate manner, will result in the lowest reasonable energy costs for consumers over the long-term. Competition among energy forms in this manner should result in expanded use of natural gas and renewables, as well as improved energy efficiency, thus contributing to increased diversity of fuel use and an attendant reduction in risk.

New York's need for natural gas supplies is expanding in response to growth in traditional markets, expansion of natural gas service territories, the emergence of new markets and increased emphasis on reducing certain air emissions. New York's natural gas distribution companies are pursuing aggressively new domestic and Canadian supplies. The Public Service Commission recently approved the Iroquois pipeline project, the first major new natural gas pipeline to be constructed in New York in the last quarter century. The Iroquois project is scheduled to provide New York 185 million cubic feet of gas per day. I am pleased that the New York Power Authority recently became a partner in this venture. Additional proposals for increasing gas delivery in the State are now pending before the Commission.

New York must also ensure that natural gas is used in an efficient manner. I recommend that the Public Service Commission establish a higher priority for efficient use of natural gas in end-use markets and in electricity generation.

Our State must provide the leadership to demonstrate new and emerging renewable technologies. I look with pride on the initiative shown by the Niagara Mohawk Power Corporation, the State Energy Office, the Interagency Energy Managers Association and the Division of Military and Naval Affairs, in the demonstration of a 20 kilowatt photovoltaic array to assist in meeting the peak air conditioning load of one of the Division's buildings. I am also encouraged that the Energy Research and Development Authority has initiated a major

photovoltaic demonstration on Long Island. We must continue to use government as an incubator for new renewable technology demonstrations.

An important part of New York's energy program is its energy research, development and demonstration initiatives. In preparation for the biennial State Energy Plan update, I have directed the New York State Energy Research and Development Authority, in cooperation with the State Energy Office, Department of Public Service, and the Department of Environmental Conservation, to conduct a strategic technology assessment. This assessment will assure that the State's limited resources are focused on developing technologies that are likely to yield the greatest benefit to New York, by examining the technical, cost and market barriers to wide-scale use of technologies as well as research and development needed to overcome these barriers over the next 20 years.

The use of available clean coal technologies, such as atmospheric fluidized bed combustion and cogeneration with state-of-the-art environmental controls, should be encouraged to meet a portion of New York's future electricity needs.

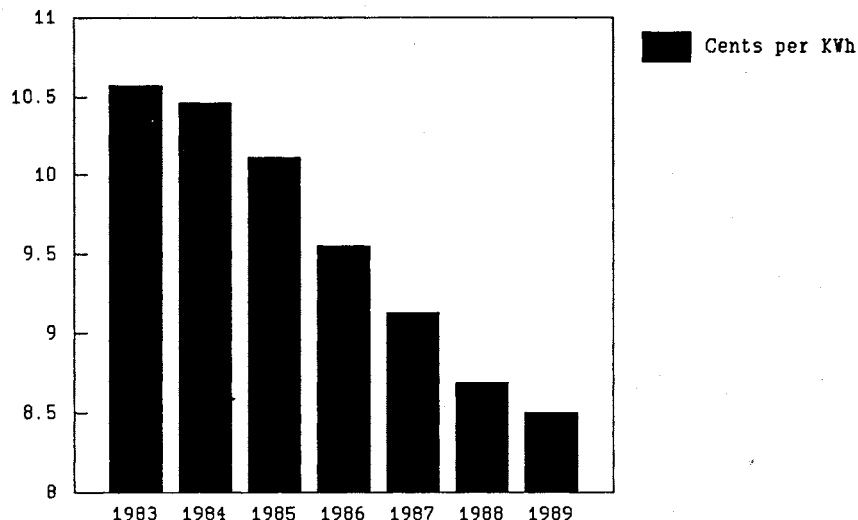
Utility Regulation

New York must plan for new electricity resources in a manner which balances the State's energy, environmental and economic objectives. If electricity demand continues to remain strong due to stable prices and a strong economy, as anticipated in the State Energy Plan, new electric generation capacity will be needed within the next few years. Fortunately, the Public Service Commission is revamping the traditional approach to electricity regulation and putting in place a new framework for more efficient generation and use of electricity. The new framework will use marketplace incentives to ensure the provision of electricity at the lowest reasonable cost through utility competitive bidding programs, incentives for utility demand side management programs and rate reform to provide incentives for more efficient and lower cost electricity generation.

The Public Service Commission is now completing approval of the first round of competitive bidding programs for each of the State's investor-owned utilities. This initial round of competitive bidding is expected to supply over 1,000 megawatts of new capacity by 1994 through both supply and demand side projects. New York can point with pride to the successful implementation throughout the State of this new approach to acquiring generation capacity in a relatively short period of time. Significantly, these utility competitive bidding programs are setting a precedent for other states, by being the first to require an explicit accounting of the environmental effects of various technologies in the bid evaluation process.

My Administration remains committed to ensuring low-cost energy service to consumers and business. In fact, the real price of electricity for New York consumers, that is the price discounted for inflation, has declined by over 20 percent since 1983 alone. Moreover, since 1984, my Administration has entered into 16 rate reduction and stabilization agreements with the State's major utilities including Consolidated Edison, Brooklyn Union Gas, Orange and Rockland Utilities and Niagara Mohawk. We shall continue to pursue such agreements, consistent with assuring safe and reliable energy for all New Yorkers.

Total Consumer Real Electricity Prices



Recent and projected load growth, as well as uncertainty concerning the location of all future electric generation capacity, especially independent power projects, underscores the importance of identifying transmission needs and implementing solutions in a timely manner to ensure adequate transmission capacity and reliability. I have requested the Department of Public Service, the State Energy Office, the Department of Environmental Conservation and the New York Power Authority, working with the New York Power Pool staff and building upon the recent New York Power Pool transmission analysis, to determine the likely consequences of the State Energy Plan findings upon electricity transmission needs over the next 10, 15 and 20 years.

With the expiration of Article VIII on January 1, 1989, the Department of Environmental Conservation, the Public Service Commission and local governments again became responsible for the issuance of various permits and approvals in connection with the construction of major steam electric generating facilities. These permits and approvals also trigger the application of the State Environmental Quality Review Act, under which a comprehensive review of environmental impacts of a proposed facility is required, as well as a balancing of social and economic impacts, before a project is approved.

However, this approach does not provide an adequate review process for siting needed electric generating facilities in a timely and environmentally sensitive fashion. Enactment of comprehensive energy legislation reestablishing a more narrowly focused, one-stop siting process that specifies the respective roles to be served by an energy planning process and competitive bidding, would result in more efficient use of governmental resources and faster resolution of issues. It would provide certainty that needed facilities would be constructed in a timely and environmentally compatible manner, consistent with the goals of energy resource planning and broad societal concerns.

I will submit legislation that establishes a New York State siting process which: focuses on site-specific environmental impacts of a proposed electric generating facility that has successfully participated in bidding and that is consistent with the findings, conclusions and recommendations of the energy planning process; provides, as part of such siting process, for overriding unreasonably restrictive local requirements on the construction and operation of electric generating facilities, while properly recognizing the impact of such facilities on local communities; and repeals the six-cent/Kwh minimum purchase price for electricity generated from independent power projects, with a provision for reasonable grandfathering.

Hydropower and Economic Development

When I became Governor in 1983, I pledged to do everything possible to prevent reallocation of upstate hydropower to other regions of the State. Such reallocation would have produced only marginal benefits for ratepayers downstate, while it would have imposed a severe, unconscionable burden on upstate ratepayers. We have honored that commitment.

Last year, I approved new contracts between the New York Power Authority and Niagara Mohawk and New York State Electric and Gas which will assure the continued delivery of 250 megawatts of Niagara hydropower to industrial expansion customers in western New York, thereby preserving 40,000 jobs.

At the same time, I approved new Power Authority contracts with Niagara Mohawk, New York State Electric and Gas, and Rochester Gas and Electric to retain upstate, for the benefit of residential customers, the New York Power Authority's allocation of 600 megawatts of Niagara and St. Lawrence hydropower, saving upstate ratepayers \$1.5 billion over the term of these contracts. I also ratified new contracts between NYPA and its municipal electric and rural cooperative customers which will assure the continued allocation of 547 megawatts of hydropower to these systems through 2001, thereby protecting an additional 40,000 jobs provided by businesses located within these systems.

While protecting upstate's invaluable hydropower, we have also sought to assist downstate customers by locating other sources of clean, reliable, low cost power. The State Power Authority signed in 1988 an historic agreement with Hydro-Quebec for the importation of 1,000 megawatts of firm hydroelectric power which is earmarked for the benefit of ratepayers in southeastern New York with estimated savings of \$600 million.

The Power Authority has expanded its tradition of providing low-cost, environmentally sound sources of power for the State in other ways. Contracts under which the Power Authority assumed an historic, nationally unique public power franchise for governmental entities in southeast New York were signed in 1989. These contracts make the Power Authority, instead of Consolidated Edison, responsible for all present and future electricity needs for all New York City governmental facilities, the Metropolitan Transportation Authority and numerous other public entities, such as schools and hospitals, in New York City and Westchester County. This obligation represents an electricity load larger than that served by each of three of New York's individual private utilities. The Power Authority's additional supply of power to these entities will be environmentally clean hydropower, made possible by our foresight in securing contracts for Canadian hydropower guaranteeing it to us well into the

next century. Financial savings and environmental benefits from these arrangements will be in the billions of dollars for taxpayers and ratepayers.

Under legislation enacted in 1986 the Power Authority and the Economic Development Power Allocation Board (EDPAB) have in the past year made a number of nuclear power allocations to create and protect almost 9,000 jobs which otherwise would have been lost to the State. I have asked EDPAB and the Authority to continue this outstanding record and to redouble their efforts to retain and attract companies to our State with this important resource.

I am also asking the Authority to use a traditional resource -- the hydropower and nuclear power which by law must go to municipal electric systems -- in an exciting and innovative way by targeting it to companies that will create jobs in the areas served by these systems. This effort will maximize the positive economic effects of this extraordinary resource, since it will benefit both the municipal systems and the State generally by attracting new businesses to New York.

Shoreham

This year we shall move forward to implement the Shoreham settlement and to assure a safe, affordable and reliable energy future for Long Island.

For too long, Long Island ratepayers suffered from a single-minded preoccupation with the mistakes of the past. In 1989, we found a way to resolve those mistakes, to eliminate the uncertainty that has plagued Long Island for too long, and to set a course for a more intelligent energy policy for Long Island.

In doing so, the Shoreham settlement achieves the five basic objectives I outlined over two years ago: the closure of Shoreham; affordable energy rates; safe and reliable energy supply; a continuing role for the Long Island Power Authority (LIPA); and management improvement at the Long Island Lighting Company (LILCO).

Under the leadership of its chairman, Richard Kessel, LIPA will push forward aggressively in its efforts to decommission Shoreham. LIPA will be assisted in this effort by the Power Authority. Meanwhile, I have requested LIPA and the Power Authority to examine thoroughly the technical and economic feasibility of converting Shoreham to gas.

Perhaps the most important point of consensus reached in the Shoreham settlement was that my plan saves Long Islanders millions of dollars in rates. Over the next two decades it would cost more to run the Shoreham Nuclear Power Plant than to close it and replace its potential energy from alternative sources. LILCO and the State Public Service Commission have found that the alternative power sources under the settlement will be fully adequate.

Consistent with the Shoreham settlement last summer, LILCO instituted an aggressive demand side management program which conserved 130 megawatts last year, and which will grow fourfold by the turn of the century. LILCO has also installed three new gas turbines,

totalling 240 megawatts of capacity, ahead of schedule. In addition, more than 125 megawatts of independently produced power have come on line this year.

The State Power Authority expects to complete a 600 megawatt transmission cable under Long Island Sound as early as the spring of 1991, a remarkably shortened and difficult schedule which is being met. The cable will tap environmentally compatible hydropower, natural gas and third party sources.

The truth is, power supply in Long Island last summer -- after the settlement -- was far more reliable than in the rest of the mid-Atlantic region. In fact, LILCO's implementation of the settlement produced power surpluses that were then exported to other regions on the east coast.

These measures underscore the commitment stated in our landmark State Energy Plan: to consider and minimize the environmental effects of future power generation, while seeing to it that New York's energy needs are met in a safe and affordable manner.

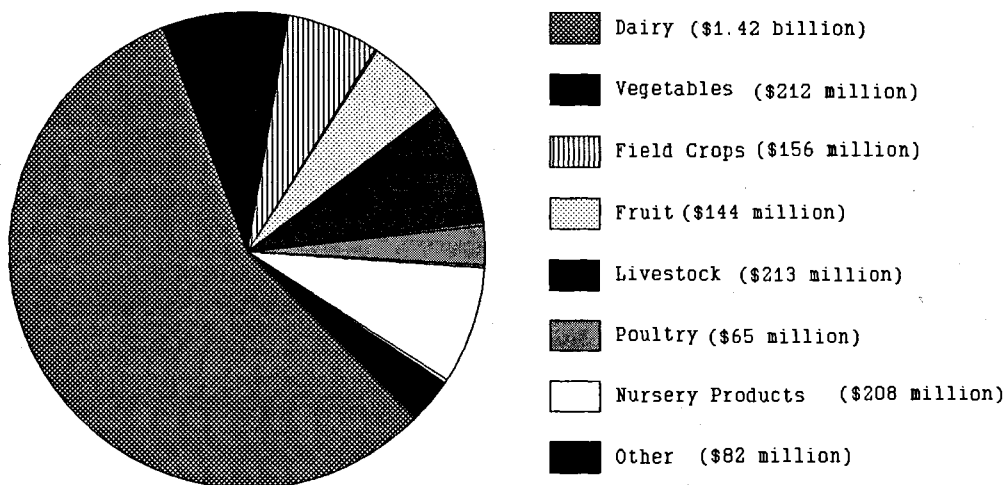
AGRICULTURE AND FOOD

No administration in history has spent more effort and resources on strengthening the rural and agricultural parts of our state.

Today, New York's 40,000 farms produce a gross income of almost \$3 billion annually and continue to form a cornerstone of the State's economy. The nearly 200,000 jobs either directly in agriculture or generated by agriculture are the product of our rural economy.

Our State is blessed with a highly diverse agricultural industry. While the dairy sector is of paramount importance, New York State is also a major producer of nursery, vegetable, fruit, livestock and poultry products.

**Composition of Agricultural Production
1987**



To assure that our agricultural sector remains competitive in the face of changing federal policy directions, technological developments, financial pressures, intense international competition, and changing consumer demands, we began in 1985 to implement recommendations from Agriculture 2000, the plan we commissioned to provide a comprehensive strategy to strengthen one of the State's largest industries.

Through support for programs such as the Agricultural Research and Development program, the Seal of Quality program, the New York Wine and Grape Foundation and the Pro-Dairy program, we have improved the competitive position of New York's agricultural producers and built a solid framework for the continued health of this vital enterprise.

The continuation of these programs at adequate funding levels in the coming fiscal year is the key to our agricultural competitiveness agenda, but additional initiatives must also be

undertaken since the industry faces emerging challenges, especially in such areas as the environment and food safety.

Food Safety and Consumer Information

Among the major challenges ahead for the Department of Agriculture and Markets are to assure that our food supply remains safe and that the consuming public has the information necessary both to understand agricultural production techniques and to make informed choices about the food they buy. This is not an effort that can be accomplished in a single year; it requires a continuing commitment.

To make the public aware of the efforts taken to assure safety and quality in the production and distribution of food, I have directed Agriculture and Markets Commissioner Richard McGuire to begin an outreach program to inform the public about our food supply and the measures we will continue to take to assure that our food is safe. In addition, the Commissioner will strengthen food inspection, testing and regulatory programs.

To meet this objective, I will also recommend funding for the establishment of a new state-of-the-art food laboratory for the expanded food product testing and research work of the Department. Because the Food and Drug Administration bears principal responsibility in many areas for assuring the safety of the food supply, I have also directed the Commissioner to pursue a formal memorandum of agreement with FDA to coordinate plant inspections and sample collections.

Strengthening Agricultural Competitiveness

Research and Development

Research and development are essential to maintain competitiveness in any industry. In 1985, we established the Agricultural Research and Development program to address opportunities that may arise from applied research, feasibility studies and demonstration projects with the potential for near-term, practical commercial application in agriculture. The program has proven both successful and popular. Using \$3 million to fund 122 projects over five years, the program has attracted \$5.3 million in matching funds and created scores of new products that will add significantly to our rural economy.

The program focuses on projects that promise practical, quick turnaround commercial applications. Let me give you four examples.

Funding was provided in 1988 to a New York State dairy cooperative to develop a sour cream that could be frozen, thawed and re-frozen many, many times. Today, that product is on the market, creating expanded opportunities for our dairy industry. In another example, we helped a small manufacturer to develop a machine to squeeze apple juice in the store. Today, these machines are in use and additional orders are being filled. This grant helped to develop a new business and increased the sale of apples.

Similarly, in 1987 a small group -- seven growers in the Hudson Valley -- wanted to organize to sell high quality produce to stores and restaurants in the Valley and in New York City. Today there are 68 farmers in that cooperative, and they sell 278 different items. They supply over 100 commercial accounts and sales have grown by 100% in the first two years of operation. We also made funds available to the Northeast Dairy Herd Improvement Association, a farmer-owned cooperative which makes dairy herd management information available to its 6,000 members. By developing a high tech method of analysis for protein in forage, these farmers are now able to obtain maximum milk production with the smallest amount of high cost feed. The Association estimates that this will save farmers millions of dollars each year. This research and development effort has clearly become an important component of our efforts to foster our food and agriculture industry.

This year we will reaffirm our strong commitment to the Agricultural Research and Development program. Through a recommended appropriation for the coming fiscal year of \$800,000, we will be able to fund approximately 30 new economic development and applied research projects to enhance the future of this industry.

While support for applied research and demonstration projects is vital to our efforts to address agricultural opportunities that presently exist, we also recognize that the future of agriculture in New York requires that we support programs in biotechnology in order that our farmers and food processors may apply the most recent innovations quickly and efficiently. Advances in biotechnology will not only help to produce food more efficiently, but will also allow our farmers to grow products that cannot currently be grown in New York and to develop new pest resistant varieties of plants which will need far fewer synthetic chemicals for their production. Our \$20 million capital appropriation and ongoing operational support to Cornell University's Center for Advanced Technology and Biotechnology reflect our major commitment to this field.

Dairy Industry

New York's dairy industry is the third largest in America and accounts for over 50 percent of our agricultural revenues in New York State. Nonetheless, it is shaped and guided in its most fundamental aspects by federal dairy policy. As we approach the writing of the 1990 federal farm bill, I will continue, as I have in past years, to seek a federal policy that is better suited to the interest of dairy producers in the Northeast. I have directed Commissioner McGuire to continue working with dairy interests in the State to develop the most informed and united position possible on federal dairy policy.

The New York Dairy Farm Profitability and Productivity Project, or Pro-Dairy, was created in 1988 and has already reached over 1,000 dairy farmers in New York. Many producers participating in the program report significant production increases, and Pro-Dairy officials have estimated that this effort has resulted in an additional \$9 million in gross income to dairy farmers. The major thrust of this program is not just to make producers more productive but primarily to help them better manage their resources and thereby increase their net farm income. This year I will seek continued funding to support the Pro-Dairy project.

In 1987, with the help of the Legislature we adopted the Milk Control and Milk Producers Security Reform Act to bring greater security to our dairy farmers and to reduce barriers to the sale and movement of milk and milk products both within New York State and in the Northeast. At that time, I asked the Commissioner of Agriculture and Markets to work with neighboring states to reduce or eliminate the unnecessary and burdensome regulations in those states which interfere with the distribution of milk and milk products produced in New York. There is still much work to be done in convincing our neighbors that a free and open market for milk in the Northeast is to our mutual benefit. I will ask the Department of Agriculture and Markets to accelerate its efforts with the State's dairy industry and the Attorney General to gain access to these markets.

To continue the increased levels of security for our dairy producers in the case of default by a milk dealer, I will recommend retention of a \$6.5 million standby appropriation for the Milk Producers Security Fund.

In recent years, great changes have occurred in the dietary habits of American consumers and many new products have been introduced to accommodate these changing tastes, particularly in the area of dairy products such as frozen desserts. With the increased interest in modified foods, particularly reduced-fat and low-calorie foods, the Department has been addressing each request for classification on a case-by-case basis. It now appears that the broad interest in these new products demonstrates the need for a review of the current approach. Therefore, I will direct the Department in concert with the Milk Marketing Advisory Council to review State regulations and statutes that may hinder the development of new dairy products and make recommendations for legislative and regulatory revisions. In conducting this review, consideration will be given to ensuring an even and competitive ground for producers and processors and to providing effective consumer information.

Farmland Protection

The Agricultural Districts Law established in 1971 continues to be the State's most important farmland protection program. A total of 425 districts presently exist in 50 of the 62 counties in the State and encompass nearly 23,000 farmers and 8.4 million acres. This program is founded on the belief that farmland will remain in agricultural production now and in the future only insofar as an economic and regulatory climate exists which allows and encourages farmers to remain in farming. In recent years, there has been increased consideration of enhanced farmland protection efforts. We are prepared to work cooperatively with the Assembly and Senate Agriculture Committees, agricultural community leaders and other interested parties to evaluate new farmland protection initiatives.

Pursuant to legislation adopted in 1987, an Agricultural Districts Review Panel has been appointed. In the coming year the Panel will address the impact of our agricultural valuation program on both the farm community and on local governments, as well as the program's effectiveness in protecting agricultural lands. A report from the Review Panel is due January 1, 1991. We expect this comprehensive report will help us evaluate the best procedures and opportunities to protect our valuable farmland and encourage continuation of viable agricultural operations.

To strengthen our initiatives to protect and preserve agricultural land, I will ask the Department of Agriculture and Markets to survey other State agencies to determine their compliance with the important Agricultural Districts Law requirement that they modify their administrative regulations and procedures to encourage the maintenance of commercial agriculture. We will also improve the Department's capacity to conduct land use reviews on publicly funded projects that affect farmland.

Regulatory Reform for the Food Processing Industry

New York's food processing industry is a vital part of our agricultural industry and is important to the State's overall economy. Food industry representatives have repeatedly raised concerns about State regulations, procedures and statutes that may be obsolete, unnecessary or inconsistent with federal regulations. Recognizing this concern, I directed in Executive Order 108 that a Regulatory Reform Food Processing Working Group be established. The Working Group has identified many regulations for revision or elimination. These changes will address the concerns of the food processing industry, while ensuring that food processing plants in the State continue to maintain sanitary facilities and produce wholesome products. In 1990, the appropriate agencies will complete implementation of the recommended changes.

New York State Wine and Grape Foundation

In 1985, with your help, we created the New York State Wine and Grape Foundation, a not-for-profit corporation designed to improve the marketing, production, quality and image of New York's wines, grapes and grape products. The enabling legislation provided for a funding mechanism under which State support declines as private sector funding increases, providing the industry with both short-term assistance and the potential for long-term viability.

In the past five years, the State has provided \$6.3 million to support the work of the Foundation. In the current fiscal year, the legislation calls for a one-to-one match of State and private funds. I will propose to continue the current match and extend our participation for an additional three years with an annual State contribution of up to \$500,000.

Agricultural Employment, Education and Labor

Last January, I called on the Director of State Operations and Policy Management to convene a Task Force on Agricultural Employment, Education and Labor. Combining the resources and expertise of government, industry, organized labor, farm worker advocates and the academic community, the Task Force has developed a series of recommendations to help New York agriculture meet the challenge of maintaining an adequate supply of qualified labor while ensuring that workers are compensated fairly and provided with a suitable work environment.

Based on the Task Force report, I will request the Commissioners of Agriculture and Markets and Labor to work with the College of Agriculture and Life Sciences and the Cooperative Extension Service to develop and implement education and information programs to help farm owners and operators improve their human resource management skills, and to

help them better understand and comply with State and federal labor laws and regulations affecting farm labor.

I also urge the New York State Board of Regents to consider modifying high school graduation requirements and the Regents Action Plan so that agricultural education programs are more accessible and available in our schools. We will also renew our support for the Agriculture in the Classroom program.

To help improve the level of services delivered to farmworkers, the Director of the Office of Rural Affairs will create an Interagency Coordinating Committee to oversee and provide services to farmworkers. We will also renew our support of the Department of Agriculture and Markets' Migrant Child Care Program.

Lastly, I call on agricultural industry leaders and labor advocates to continue their discussion on the issues most critical to farmworkers -- wages, benefits and working conditions. I will ask Labor Commissioner Thomas Hartnett to provide me with the report of the Advisory Council on Minimum Wage Standards for Farm Workers that will be prepared in the months ahead.

Agriculture and the Environment

Environmental issues relating to agriculture have never been more prominent than they are today. We can expect that the discussion of agriculture and its relationship to the environment will only grow in importance throughout the 1990's. As the environmental consequences of agriculture become increasingly important to policymakers, farmers, and the public, it is essential that we bear in mind three goals on which this discussion will focus during the rest of this century: reducing the environmental consequences of farming; keeping agriculture competitive, both within the U.S. and in foreign markets; and cutting the production costs of farming.

In New York State our farmers have already made important progress toward identifying the environmental problems they face and adopting new practices to lessen the environmental impact of agriculture. Within the Department of Agriculture and Markets this past year we undertook a reorganization to make the Department better able to reflect concerns about the environment. As a counterpart to the Environmental Ombudsman in the Department, we added an Agricultural Ombudsman in the Department of Environmental Conservation. Further reorganization will occur as we see opportunities to improve our effectiveness and efficiency in the relationship between agriculture and the environment.

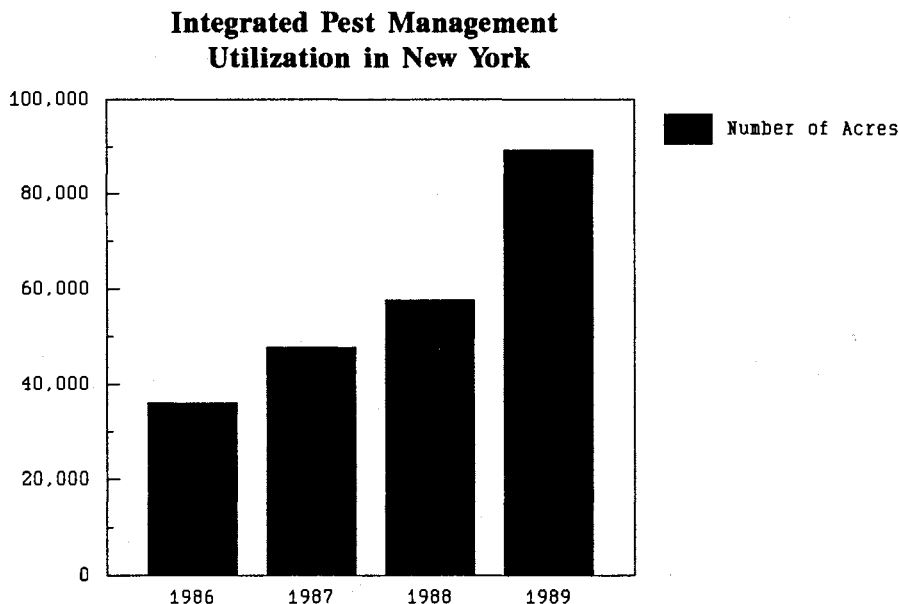
Integrated Pest Management

To help address both the costs of agricultural production and its environmental consequences, we initiated in 1985 an Integrated Pest Management program, commonly known as IPM. Four years later we have seen the wisdom of this approach confirmed by the National Academy of Sciences. In a report released last fall, the National Research Council, speaking for the Academy, issued a major study of agriculture and the environment entitled "Alternative Agriculture." A central finding of this study is that the principles of IPM must be expanded

and put into common use throughout America if we are to nurture agriculture and protect our environment.

Here in New York we have already moved in this direction. In 1985, I signed legislation to begin an IPM program and \$350,000 was appropriated for the 1986-87 fiscal year. That appropriation has increased annually, until it reached \$850,000 in 1989-90.

IPM is a positive approach to the problem of controlling agricultural pests, and reducing farm input costs. Put succinctly, it involves using every tool available to control pests -- but using them judiciously, specifically, at the right time and only in the amounts necessary to do the job. Until now, the IPM effort in New York State has focused on modifying certain management practices to reduce pesticide usage. The key has been replacing calendar-based spray schedules with on-site inspections, identifications and a spray-only-when-needed approach to pest control.



Now we must add new dimensions to this effort. Under existing State law, applying pesticides in a fashion that differs from the specifications on the pesticide label requires prior approval of the Department of Environmental Conservation. Such approval is even needed in those cases where applications would be effective at rates less than label strength, or at intervals less frequent than the label specifies.

In keeping with our desire to reduce the use of pesticides wherever possible, I will ask the Legislature to amend the Environmental Conservation Law to reflect policies similar to those in Section 2-ee of the Federal Insecticide, Fungicide, and Rodenticide Act to allow farmers to use less pesticide than manufacturers' labels specify. This change will support our IPM efforts, without depriving farmers of the ability to use the pesticides they need.

In a further effort to reduce pesticide use and to strengthen our IPM program, I will add a major dimension to the IPM program aimed at accelerating the introduction of biological controls to manage agricultural plant pests. This initiative will have two components: to accelerate the introduction of natural enemies to combat agricultural plant pests; and to increase the development of crop plants that are genetically resistant to insect and disease pests.

Non-chemical alternatives to agricultural pest control exist and have been demonstrated to work. As producers face tougher regulations and more pesticides are removed from the market, proven alternatives must be readily available to supplant them. Therefore, I will ask for a \$350,000 increase in the appropriation for IPM in the coming fiscal year to support this effort.

Groundwater Liability for Farmers

In 1987 and again in 1989, I proposed legislation to exempt farmers from liability for non-negligent application, storage, and handling of pesticides which result in contamination of groundwater. In order to receive this protection, farmers would have to be certified by the Department of Environmental Conservation as applicators of restricted use pesticides. Any farmer who used pesticides in a negligent or unlawful manner would remain subject to liability for groundwater contamination or other damages resulting from such action.

In 1989, this proposal was introduced and passed by the Senate. I once again propose this measure, and I urge its passage in the Assembly.

Application of Municipal Sludge to Farmland

As the relationship between agriculture and the rest of society becomes more complex and intertwined, there are additional areas that require careful study to assure that the solutions we find for today's problems are not themselves problems in the future.

In recent years there has been a growing interest in the application of municipal sludge to farmlands as a beneficial treatment and soil nutrient, and as an economic resource rather than an economic burden. There are many complex issues associated with this idea, and it is important that we review them fully prior to approving an increased demand for widespread application of sludge to farmlands.

I will ask the Departments of Agriculture and Markets and Environmental Conservation, the Energy Research and Development Authority and the Cornell College of Agriculture and Life Sciences, in conjunction with the Advisory Council on Agriculture, to develop a State policy that takes into account the benefits and risks to the environment and farmers associated with sludge disposal on farmlands.

Farm Safety

Agriculture is now the most dangerous occupation in the United States -- more dangerous than mining -- with five times the average number of accidents for all industries. To support

the efforts in the area of farm safety that are already underway in New York State, I have asked Commissioner McGuire to work closely with organizations and institutions that conduct programs to help make farming a safer occupation. Further, I will ask the Commissioner to provide me with a status report on farm safety efforts underway in the Empire State and his recommendations for further State action. This report will also be shared with the Task Force on Occupational Safety and Health.

Governor's Agricultural Awards

This past year we awarded the first ever Governor's Agricultural Awards at the Great New York State Fair. These awards recognized four New York farm families who have made outstanding contributions to our state. The awards also provided a unique opportunity to make the general public more aware of the continuing and prospective achievements of the entire agricultural community. The efforts of Cornell Cooperative Extension, Farm Bureau and the Grange, who provided assistance to the Department of Agriculture and Markets in the selection process, helped to ensure the success of this program. We look forward to continuing this appropriate recognition.



TRANSPORTATION

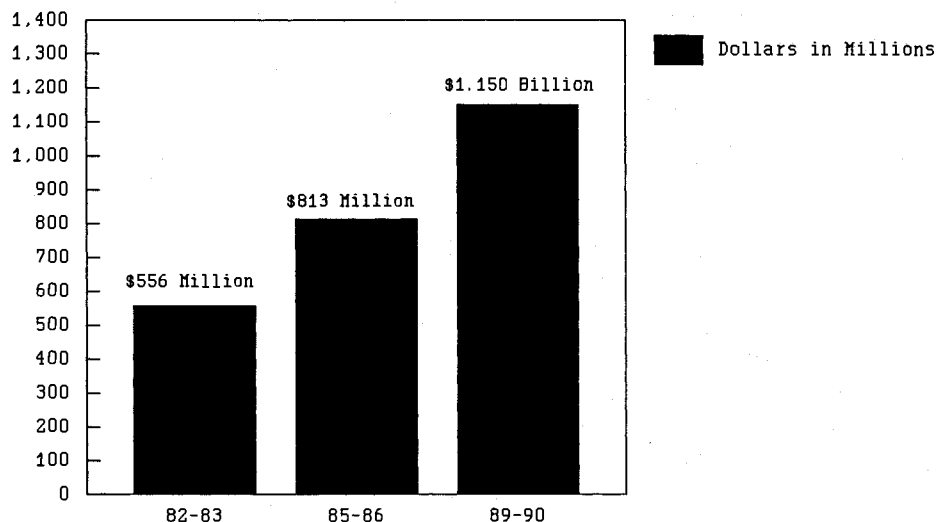
Throughout history, transportation has played a major role in the development of the State as we know it today. This evolution has been marked by tremendous achievements such as the building of the Erie Canal, the creation of the New York Central Railroad, the New York City subway network, the construction of the Thruway, and our system of airports. In each case, these improvements led to a surge of economic growth.

Safe and efficient transportation not only stimulates our economy, it also greatly affects our daily lives -- as a means to get to work, school or recreational activities. Maintaining and improving mobility is essential to the vitality of the State.

Over the last seven years, we have made significant progress in the rehabilitation of our transportation infrastructure. Through the 1983 Rebuild NY Bond Program, we were able to arrest the rate of deterioration on our roads and bridges, and we are now aggressively continuing this effort with the availability of the Rebuild NY '88 bond funds.

Since 1983 the highway construction program has more than doubled. A record level of over \$1 billion in contract lettings was reached last year, and we expect an even greater level of activity this year. We have also taken important steps to prevent future deterioration, by implementing a strong program of maintenance that addresses minor repairs before they require major and costly rehabilitation.

**Growth in the State's Highway Program
(Contract Lettings)**



In the area of mass transit we have also made great strides in restoring the subway, bus and commuter railroad network to a state of good repair. Today over 75 percent of our subway cars, more than four-fifths of our buses and nearly all our commuter rail cars have

been replaced or overhauled. All subway cars and buses are graffiti free, and subway service reliability is the highest in 16 years -- more than triple the level in 1982.

Redevelopment programs are also under way to ensure that the John F. Kennedy and LaGuardia airports remain premier aviation facilities into the next century.

Transportation for the Future

Despite these improvements we need to do more. As we approach the Twenty-first Century, the demands on our transportation system and the resources required to meet them are changing. Travel in New York State is increasing; it has grown by almost 40 percent over the past ten years and is expected to double over the next 25 years. At the same time, patterns of travel are changing, especially as our population has grown rapidly in the suburbs and beyond. Moreover, we have a diminishing supply of available roadway capacity which will limit our ability to expand the State's highway network.

Beyond these changes, the U.S. Secretary of Transportation, Samuel Skinner, is preparing a new National Transportation Policy Statement that will address transportation issues and define an appropriate Federal role in confronting these problems. This important document, which is expected to be completed this month, will establish the national agenda, set funding priorities and serve to guide federal transportation decisions after the current surface transportation program expires in 1991. As a result of this effort, significant changes in federal policy are expected which will greatly affect our transportation environment.

In order to respond to these changes and accommodate future growth, we must undertake a major shift in our thinking about transportation. While continuing our efforts to rebuild and maintain our world-class transportation system we also need to develop a wider array of imaginative transportation options that will ensure mobility in our cities, relieve suburban congestion and provide rural areas with a network of access. We need an integrated approach to address our transportation needs, through conventional means such as improved roads, bridges and mass transit, encouragement of non-traditional alternatives such as the use of high occupancy vehicles and shared ride strategies, and through the better coordination of services.

We must also look toward the development of new technologies and their potential use in improving New York State's mobility. I commend Senator Moynihan for his leadership and foresight in encouraging the development of magnetic levitation. I am also pleased that the Metropolitan Transportation Authority and the Port Authority of New York and New Jersey are moving forward to automate fare and toll collection systems that will provide for greater convenience and efficiency. To further these efforts, I will ask Peter Tufo, Chairman of the Thruway Authority, to review and make recommendations on available new collection technologies and their possible application in New York State.

Urban Mobility

The transportation system serves as the lifeblood of our metropolitan economies and is critical to the well-being of our urban residents. Last year alone, the public transportation

network carried nearly two billion passengers in our cities, while 73 billion miles were travelled on our urban highway network.

To preserve this system, the Rebuild New York Program provides funds to improve the metropolitan transportation infrastructure. The reconstruction of the "Can-of-Worms" in Rochester, the Exit 24 Thruway interchange improvements in the Capital District, and the rehabilitation of the Gowanus Expressway viaduct in New York City are only a few of the many projects that are part of our program.

In addition to preserving and rebuilding our system of roads and bridges, we must examine the adequacy of our existing transportation network to meet the urban mobility needs of the next century. This is particularly important to the future of the John F. Kennedy International Airport.

Great strides have been made at Kennedy, both to improve airport services to travelers and to launch the major redevelopment program that will prepare JFK for the almost 50 percent increase in air passengers expected beyond the year 2000. The redevelopment program will reconfigure on-airport roadways; however, unless passengers can effectively get to and from the airport, the full value of our investments may not be realized. Insuring that the ground access system is adequate to meet the demands of air passengers into the next century will be a key element in preserving urban mobility in the region.

Meeting this challenge will require a comprehensive approach, integrating the currently planned, on-airport roadway improvements with new mass transit strategies. In order to address this concern, I have asked Commissioner Franklin White to work cooperatively with the new Administration in New York City, the Port Authority of New York and New Jersey, and the Metropolitan Transportation Authority to explore ground access alternatives including the feasibility of constructing a new mass transit link to the Airport.

Suburban Congestion

Solutions to the complex problem of suburban mobility require the full commitment of state and local government as well as private enterprise. Congestion costs jobs, causes business and industry to move from the state, adversely affects air quality and erodes the quality of life.

The Rebuild NY '88 Bond Act and the Suburban Transportation Program provide funding for a series of congestion-relief improvements. While these long-term capital investments are an essential component in the battle against suburban gridlock, they are only a part of the solution. We also need to develop other methods of mobility management to complement our current efforts, solutions that maximize the benefits of increased highway capacity and that provide for immediate relief.

A good example of mobility management strategies is the action plan developed by the High-Occupancy Vehicle/Transportation System Management Task Force for the lower Hudson Valley. The Task Force effort, initiated by Commissioner White, was the first of its type in New York State. It successfully brought together representatives of State and local government, private enterprise and community interests to develop a coordinated plan of

specific measures to speed the movement of people over the Tappan Zee Bridge and the Cross Westchester Expressway -- one of the most congested areas in the State.

Long Island's transportation needs are unique. The growth and rapid change that Long Island has experienced over the past decade have resulted in significant highway capacity deficiencies. Currently, the Long Island Expressway (LIE) operates at capacity up to five hours a day at rush hour speeds of under 30 miles per hour. Even more alarming is the expectation that traffic will increase by as much as 60 percent over the next 20 years.

Several important steps have already been taken to mitigate congestion on Long Island. We have successfully implemented the INFORM System on the major east-west highways to provide immediate relief. This state-of-the-art technology provides motorists with up to the minute, accurate traffic-condition messages and has contributed to smoother overall traffic flow.

In addition, \$560 million of Rebuild NY '88 bond funds have been targeted for capacity improvements on Long Island, including the construction of the fourth lane on the LIE. As part of the process necessary to advance this critical project, the Department of Transportation has conducted a study of ways to reduce current and future traffic congestion along the LIE corridor. After an extensive review, several options have emerged, including the construction of lanes for the exclusive use of high occupancy vehicles.

In light of this finding, I will ask Commissioner White to form a Task Force, similar to the Hudson Valley effort, to consider fully each of these alternatives and to recommend measures to maximize the mobility capacity of the fourth lane on the LIE.

The Transportation Disadvantaged

We need to address the mobility needs of the transportation disadvantaged -- the poor, the frail elderly, those with disabilities and those in our rural communities without access to private transportation. It is essential that New York State develop and implement long-term strategies that will meet those needs and at the same time ensure the more efficient use of existing transportation resources. Coordination and consolidation of available services have the potential for streamlined operations and improved services. The Rural Public Transportation Coordination Program provides a good example of the successful results that can be achieved through this approach.

Human service agency programs and their affiliated client-specific transportation services have grown dramatically over the past thirty years. While generally well-intentioned, these services are often inefficient and leave large segments of the population either underserved or totally unserved. In order to review ways to provide these transportation services more effectively and efficiently, we will build upon the success of our current rural program and undertake a comprehensive interagency effort that will examine statewide issues, identify alternatives and make recommendations for service standards, funding and changes in management practices.

It is also essential that we increase access for persons with transportation disabilities. The proposed Americans With Disabilities Act, now before Congress, will significantly enhance the

dignity and full participation of our nation's citizens with disabilities. While carefully monitoring the federal bill, I will again submit legislation requiring major transit operators to provide full accessibility to their transportation facilities and services.

Highways and Bridges

We remain concerned about preventive maintenance, especially on our elevated structures. Effective preventive maintenance is a central component of our long-term highway and bridge rehabilitation strategy. Making infrastructure repairs before the problems become serious enough to require either rebuilding or major rehabilitation is the most effective means to contain cost.

Over the last several years we have made great improvements in the maintenance of our State bridges. By increasing the number of bridge maintenance crews and contracts, we have substantially slowed the deterioration of our facilities. Despite this progress, we have still not been able to paint steel bridges on the twelve year cycle recommended by our own standards and followed by many other states. As a result, paint deterioration has allowed rusting of structural steel and necessitated the rehabilitation or even replacement of bridges before the end of their normal lifespan. To reverse this trend, my Budget will include funds for a significant expansion in our bridge painting program.

In addition, I will also propose increased priority for resurfacing, crack sealing, shoulder repair and other maintenance activities on our highways. These activities, performed early in the life of pavement, should minimize costs and improve the condition of our highways.

Transportation and Economic Development

A sound transportation system for the efficient movement of goods has long been recognized as vitally important to industry and the economy. Investment in New York's system of waterways and rail facilities is necessary to expand our economic opportunities, provide for the demands of growth and remain competitive.

The State Canal System is our oldest transportation resource. This treasure must be preserved, maintained and enhanced for today's users and for future generations. While the immediate structural rehabilitation necessary to provide a safe and dependable system is underway, we must also plan for the future.

Over the past 30 years the canal system has changed dramatically from an almost exclusively commercial waterway to a diverse mix of recreation and commercial activity. Recognizing this change, the New York State Barge Canal Planning and Development Board presented a blueprint for the long-range improvement of the canal system's tourism and economic potential. We need to act on these recommendations to enable New Yorkers and visitors from all over the world to utilize better the tremendous recreational offerings afforded by this system.

As a first step, I will establish a multi-agency task force to make recommendations on a land use master plan for the entire 524 mile system. Such a plan is required to preserve and

protect this historic resource and to provide an appropriate framework for its renewed economic vitality. This plan will also establish a forum for local participation in forging a new beginning for one of the State's most cherished assets.

The canal system has also been the subject of bi-partisan legislative hearings. I will work cooperatively with the members of the Legislature this year on measures to enhance our canals.

In addition to the canal system, we need to move forward with the modernization of our rail freight facilities. In the past two decades there have been revolutionary changes in the transportation industry which have outpaced the existing rail freight system and fostered increased truck congestion in New York City and Long Island.

The Full Freight Access Program was developed to modernize freight access to and from the metropolitan region. The final and key elements of this modernization program are the development of the Harlem River Yard in the Bronx as a major intermodal terminal and the completion of the Oak Point Link. The Department of Transportation is currently proceeding with the redesign of the Oak Point Link; it has also successfully completed a plan to privatize the development of the Harlem River Yard. In order to advance this project, I will explore with the new City Administration and the Port Authority of New York and New Jersey funding options to construct this transportation link which will provide service to the Harlem River Yard.

The Free Trade Agreement (FTA) with Canada provides New York an unparalleled economic opportunity. However, mobility at our international border crossings, particularly at the Peace Bridge in Buffalo, is currently restricted by growing congestion. In addition, inadequate capacity for customs and immigration processing has exacerbated delays. In order to position the State to reap the full benefit of the FTA, we must aggressively pursue with the Canadian government improvements necessary to facilitate the movement of goods and services.

I have directed Commissioner White to explore cooperatively with the Ontario Ministry of Transportation measures to reduce congestion immediately, including increased staffing for customs and immigration services, streamlining truck inspections, and other innovative methods to improve cross border traffic flow.

The basic structure of the Peace Bridge has been unchanged since its completion in 1927. The Bridge has served as a symbol of friendship and good will with our Canadian neighbors. The FTA provides the opportunity to strengthen this alliance and necessitates the formulation of a long-term strategy to accommodate the future growth in traffic demand. To address this need, we will undertake a study to identify capacity improvement alternatives at the Peace Bridge, including the feasibility of a new bridge.

Public Transit

The MTA is beginning the fourth year of its continuing capital program, the second five-year phase of a \$16 billion rebuilding effort initiated in 1982. The benefits of this massive investment in the rapid transit and surface network, constituting one of the largest public reconstruction projects in American history, are becoming more and more visible. Service,

reliability and cleanliness on the system have dramatically improved since the initiation of the capital plan.

Looking toward the future, we will continue the progress already under way, pressing forward to meet the needs of the riding public well into the next century. We need to provide service that is safe, efficient and cost effective, service that supports the City's economic growth, improves the mobility of its population and minimizes future fare increases.

To further this goal, legislation was enacted in 1986 which required the MTA to adopt comprehensive contracting guidelines for its public work projects and for its procurement of supplies, material and equipment. These reforms were adopted to control costs and help prevent improper transactions.

The legislation made possible a thorough evaluation of these contracting and procurement procedures and sunset on July 1, 1989. The Comptroller's Office has performed an independent review and has recommended that these practices be continued. I will submit legislation to extend these important changes.

The MTA capital plan has significantly improved the physical infrastructure; however, equally important are enhancements to the quality and security of the passenger environment. The image of New York City is shaped, in part, by the condition of its transportation terminals. Transit facilities are a gateway to visitors in addition to serving the commuting public.

Few problems are as devastating as homelessness. An estimated 3,000 homeless individuals, primarily single men, live in MTA stations, subway cars and tunnels. Vastly complicating this problem is the fact that many of these individuals are in dire need of a wide array of services including substance abuse and alcohol treatment, health, employment, mental health and other social services. Addressing the multifaceted needs of this special population requires not only innovative approaches, but also the active commitment and support of the State, the City and the private sector.

As part of this effort, MTA Chairman Robert Kiley has inventoried MTA-owned properties not currently required for transit operations that could potentially accommodate treatment facilities. The MTA has successfully identified a potential site to be used for this purpose. Working together with the New York State Division of Substance Abuse Services, the Division of Alcoholism and Alcohol Abuse, the City and the community, we will explore the feasibility of converting this vacant structure into a transitional facility offering shelter, assessment, and treatment services.

I have also asked Chairman Kiley to consider proposals to establish drop-in centers comparable to those that have been successfully used in other states and by the Port Authority of New York and New Jersey.

The transportation needs of residents of small urban and rural areas across the state are as immediate and as compelling as those that confront the residents of our metropolitan and suburban regions. Upstate mass transit provides essential mobility to these communities. Despite recent fare increases and cost containment efforts, many of the upstate systems are

experiencing financial difficulties. Working within the framework provided by a committee of upstate transit operators, I will propose additional funding for these troubled systems. Consistent with the recommendations of the committee, we will also explore the principles of cost-sharing.

Over the past year we have worked together in partnership with Erie County to develop a package of Board and management reforms for the Niagara Frontier Transportation Authority that will place the Authority on a sounder footing and will ensure more effective and efficient operations. I will submit legislation implementing these changes.

Highway Safety

Nineteen eighty-eight was the safest year ever recorded on New York State's highways. Despite a significant increase in the number of miles travelled on the State's roadways, the traffic fatality rate declined by seven percent and was the lowest rate recorded since we began keeping such statistics in 1925. In contrast, highway deaths nationwide rose by 1.5 percent. The major factors contributing to the lower death toll include the seat belt law, our 21-year old alcohol purchase age, the Rebuild New York Program, tough new laws and vast educational efforts against drunk driving. Taken together, these measures have saved hundreds of lives and avoided thousands of serious injuries.

As part of our effort to continue this trend of declining fatalities, I will submit legislation to improve commercial driver safety and bring New York State into compliance with the Commercial Motor Vehicle Safety Act of 1986. This legislation requires states to license commercial drivers under federal standards, and to record and impose sanctions against drivers who are convicted of serious traffic violations. This program is designed to improve driver quality, and to remove problem drivers from the road. Beyond these efforts, I will again submit legislation to insure the safe condition of trucks through expanded enforcement of safety violations.

In the upcoming year we will also continue our efforts to improve road safety by reducing alcohol related deaths caused by the recidivist offender. I will seek tougher penalties and improved screening to identify chronic substance abusers. By identifying those with drinking and drug problems, we can expedite necessary rehabilitative services. I will also submit legislation to deter drinking and driving by authorizing judges to impose swift and certain license sanctions against those who pose the greatest highway safety risk.

Last year, I requested the members of the Governor's Traffic Safety Committee to explore various ways to help aging drivers. As a result, the Thruway Authority initiated a program to improve the visibility of pavement markings and signs. This year we will expand this program on a gradual cycle, to include pavement markings on the Interstate highways under the jurisdiction of the Department of Transportation.

RELATIONS WITH OTHER GOVERNMENTS

Relations with Local Governments

Many of the accomplishments that I have cited in this Message would not have been possible without the strong contributions of our local governments. Many of the initiatives that I have proposed today will depend on the expertise of local government for their ultimate success. After all, our residents, more than 17 million strong, depend on the counties, cities, towns, villages, and special districts to provide the vast array of government services that they require. Whether it involves land use planning, or providing for essential human needs, New York's 1600 general purpose local governments and more than 8300 special districts are, for the most part, the direct providers of these essential services.

This partnership has worked, and worked well throughout our history. It provides for the basic needs of all New Yorkers, whether they live on the eastern tip of Long Island or in western Chautauqua County. At the same time, this strong local role helps ensure that the provision of these services is tailored to local desires and conditions. The relationship between the State and local governments remains dynamic, requiring us to respond to forces which neither party can fully control. Here in the Capital Region, Mayor Thomas Whalen evidenced this partnership with the Capital Cities Project through which representatives of business, State and City government and the university community assessed the impact of doing business in a capital city and shared it with similar groups in the capital cities of Tallahassee, Florida; Austin, Texas; Lansing, Michigan; and Sacramento, California. I look forward to reviewing the report of this effort.

It has become apparent that New York's fiscal environment will again require all of us to look at some of the programs that we now take for granted in order to preserve those that are most needed. Local governments will have a role to play in this endeavor, since almost two-thirds of the State's general fund budget is targeted to local assistance. As we respond to this challenge, neither the State nor its local governments can abdicate their respective responsibilities.

As we move ahead, we must ensure that local governments have the flexibility and capacity to meet their responsibilities.

Reform of the Local Real Property Tax System

In 1983, local governments relied on the Real Property Tax to generate approximately \$11 billion. Today, local governments rely on the property tax to generate more than \$14 billion. During this period, homeowners throughout the State have become increasingly dissatisfied with both the property tax itself, and the fairness of its implementation.

There is good reason for this dissatisfaction. Specifically, the complexity of the real property tax system, along with the difficulty people have in obtaining necessary information about how it is being administered, make it difficult for homeowners to get a sense that the property tax is being administered fairly by local officials.

To address these important issues, the legislative program and Budget that I will submit later this month will propose a number of initiatives designed to improve the administration, fairness and accountability of the property tax system and to encourage local structural reform to help local governments control property taxes.

Improving Real Property Tax Fairness and Accountability

Throughout the State, homeowners are frustrated with a property tax system that they claim is not administered fairly.

There is considerable merit in these complaints. In fact, over the last few years, I have submitted legislation designed to improve the administration, fairness and accountability of our real property tax system. In addition, the courts have already eliminated the pernicious "Welcome Stranger" policy practiced in many communities, and have taken steps to ensure the fundamental fairness of the system.

Accordingly, I shall propose legislation to ensure that property owners have access to the information upon which their assessments are based, and to require assessors to publish the uniform percentage of values that they have applied to real property in their assessing units. Legislation will also be submitted to improve State oversight of assessment uniformity. The Budget that I will propose later this month will include incentives designed to encourage localities to maintain fair assessment rolls.

Local Structural Reform

We must also provide local governments with tools to help them use their resources more effectively. One institutional obstacle to the more effective use of these resources lies in the nature of local government itself. As noted above, our residents are served by approximately 10,000 local governments. These institutions, with their overlapping authority and territory and relatively small size, are unable to take advantage of economies that larger, better coordinated bodies could utilize.

New York's tradition of strong local government and the experience of other states should caution us against taking precipitous, unilateral action. Accordingly, I will appoint a Blue Ribbon Commission, chaired by the Secretary of State and composed largely of local officials to explore ways to encourage the consolidation of local governments. I will ask the Commission to report its findings and recommendations by July 1, 1990.

We must also move to facilitate cooperation between local governments by encouraging them to develop joint solutions to common problems. Towards this end, the Budget that I submit later this month will include funding to establish a program of municipal cost-effectiveness grants aimed at funding local efforts to improve management efficiency through cooperative service delivery arrangements or the actual consolidation of local governments and functions.

Recently a number of voices on Long Island have called for the creation of a bi-partisan, bi-county commission to study the problems of local governance and property taxes in Nassau

and Suffolk counties. I believe that such a locally-initiated commission has great potential. Accordingly, I have instructed my staff to assist these efforts.

This year, I will propose that we greatly expand the services the Office of General Services (OGS) provides to local governments. As State Comptroller Ned Regan and others have suggested, I will recommend that we significantly extend the availability of State purchasing contracts to local governments. In addition to saving local governments at least \$50 million annually, the use of State contracts will result in greater accountability at the local level.

A number of our County Clerks have pointed to changes such as the establishment of the unified court system, new fee collection responsibilities, changes in the mortgage market and other changes in their responsibilities as requiring a broad review of their responsibilities. In response to these concerns, I will appoint a study group composed of County Clerks, representatives of the New York State Land Title Association, the State Bar Association and the New York State Bankers Association to assess the present status of local recording and filing responsibilities and, where appropriate, make recommendations for reform.

Mandate Reform

Over the years, the issue of mandate reform has consistently generated a great deal of controversy. After all, one person's "unnecessary" mandate often represents the meeting of another's "critical" need. I will continue to work with local officials to target unnecessary or outmoded mandates for elimination or reform and will establish a mandate review office to provide localities with a permanent forum for their concerns.

As a first step toward easing certain restrictive mandates, I will present a Mandate Relief Bill that should provide local governments with greater management flexibility and accordingly generate some local cost savings. To further this effort, I will introduce legislation to update and streamline local borrowing practices as well as a constitutional amendment to authorize level debt service. I will also propose legislation to clarify local governments' authority to use certificates of participation in financing certain purchases.

Helping Local Fire Companies

In 1988, I was presented with a fire equipment loan bill that contained a number of critical technical deficiencies and failed to address important questions regarding its fiscal impact.

At my request, the Department of State, through its Office of Fire Prevention and Control, developed an acceptable approach for establishing a fire equipment revolving loan fund which was introduced as part of my 1989-90 Executive Budget. With the support of the Fire Service and Assemblyman Paul Tonko, the Assembly passed a bill that would have targeted \$6 million per year to establish the revolving loan fund. I call upon the Senate to enact this reasonable mechanism to enable both "paid" and "volunteer" fire companies to acquire the equipment that they so urgently require.

Office of Rural Affairs

Although most people think of New York largely in terms of its cities and suburbs, 44 of our 62 counties have populations of less than 200,000. Despite the fact that rural and urban New York share many similar problems, solutions in rural New York must be tailored to the special conditions that obtain in these less densely populated areas of the State.

As we enter the 1990's, we must ensure that rural New Yorkers are equipped to meet the challenges of the approaching century. As the first cabinet level agency in any state dedicated exclusively to the unique needs associated with life outside urban or suburban areas, the Office of Rural Affairs is there to help meet these challenges.

Functioning through a series of liaisons appointed by the head of each State agency, the Office acts as an ombudsman and advocate for the three million people who reside in rural New York.

The Office also provides technical assistance to our rural local governments through its Rural Assistance Information Network (RAIN). This computerized catalogue of all the financial and technical assistance that New York State has to offer rural areas was unveiled just a year ago. Now fully operational, RAIN currently contains almost 400 programs from 49 State agencies. In addition, RAIN also contains more than 1,137 federal programs. The network is capable of assisting rural localities, service providers and others in accessing these programs.

The Office of Rural Affairs is working with SUNY and other colleges to develop a network of Rural Services Institutes (RSI's). The purpose of the Institutes is to mobilize additional technical expertise and resources to assist rural local governments and organizations. To date, Institutes have been established at SUNY Fredonia, SUNY New Paltz, the Olean campus of Jamestown Community College and other SUNY campuses. These and future RSI's will serve as public access points for RAIN, help local officials with capacity building and assist ORA in its outreach efforts.

In the year ahead, the Office of Rural Affairs will continue to reach out to its constituents: through RAIN, by building additional Rural Services Institutes, and by continuing to ensure that the State government remains responsive to the needs of the rural members of our family. Recognizing a particular concern related to our emphasis on mandate reform, I have asked Director Joseph Gerace to work with the Office of Business Permits and Regulatory Assistance to ensure that rural impacts are considered by State agencies during the rule-making process.

Relations with Indian Nations

Over the past year, the two most sensitive areas of State-Indian relations have remained those of taxation and gambling. In light of the continued importance of these issues, we should again explore whether the State should formally establish an Office of Indian Affairs in the Executive Department. We will reach out to both the Legislature and the Indian

Nations to determine the need for such an office at this time, and if so, their advice as to how it should best be structured.

Under the leadership of State Tax Commissioner James Wetzler, New York State has successfully developed what I believe to be a mutually acceptable tax agreement with the Seneca Nation of Indians. If the Legislature authorizes its provisions, we will have resolved with the Seneca Nation the controversy engendered by tax-free sales by Indian vendors to non-Indians and provided a model that could be used as a basis for future agreements with the other Indian Nations, both in New York and across the nation. Upon completion of the planned legislative hearings, I urge both chambers to enact promptly the enabling legislation designed to implement the agreement.

As recent events in the North Country on the St. Regis Mohawk Reservation demonstrate, the existence of commercial gambling remains an explosive issue that has split the community and threatens to again erupt into a violent confrontation. Under the authority of the Federal Indian Gaming Regulatory Act, we will continue to work with the Elected Tribal Council to try to resolve the issue. As required by the Act, my staff will continue to meet with the Council to negotiate an acceptable State/Tribal compact on gambling. As I noted earlier in my discussion of new law enforcement strategies, the Division of State Police will work with tribal governments, at their request, to explore the feasibility of utilizing tribal law enforcement organizations to provide local law enforcement on individual reservations.

I have also instructed Director of Economic Development Vincent Tese and Commissioner of Social Services Cesar Perales to work with the St. Regis Mohawk Tribal Council, so that available State resources can be targeted to meet the economic and human service needs of tribal residents. This effort may serve as a model for other interested Indian Nations located in New York State.

One of the principal goals of my Administration has been to expand access to our institutions of higher learning, and then to ensure that once access is obtained a student can make the most of that opportunity. To foster such access and opportunity for American Indians, my Budget will recommend establishing two higher education pilot projects under the auspices of the State University of New York.

In recognition of the employment and service needs of the State's original residents, I have directed the Department of Civil Service to continue implementation of the Native American Outreach Program. The program is unique among all states in the United States which are active in Indian affairs. New York State is the only state that has installed employment outreach for Native Americans.

Respect for the deceased and their final resting place is a basic tenet of our society. Our laws prohibit the disturbance of cemeteries unless provisions are made for the reinterment of the human remains. Despite this strong public policy, the burial sites and remains of American Indians are not always properly respected. The Office of Parks, Recreation and Historic Preservation has been working with representatives of the Native American community to address issues relating to the treatment of Indian burial sites, which are often unmarked, and their human remains and burial goods. As a result of this cooperative effort, I will introduce

legislation that enhances the power of the Parks Commissioner to protect such sites, increases penalties for the unlawful disturbance of Indian burial sites and outlaws the purchase and sale of American Indian human remains and burial goods. Where remains are seized as an unlawful possession or must be removed from their burial site, the bill provides for their reinterment, and also establishes a mechanism under which newly discovered remains can be identified and, where possible, transferred to the appropriate tribe for reburial.



THE REFORM AGENDA

Government Integrity

In the last several years we have made more progress in legislating ethical standards for our government than we had in 200 years. In the seventies, the State enacted a Freedom of Information Law and an Open Meetings Law. More recently, we enacted a landmark ethics law and an unprecedented internal audit law. The Accountability, Audit and Internal Control Act was noteworthy because it was something we all did together, not because the public clamored for it, but because it was right.

And now, as we begin the nineties, we must do more in order to finish the work we have begun. The loopholes that need to be closed are not difficult to identify.

Our campaign finance laws are a disgrace. There are no meaningful restrictions on contributions to candidates for statewide office and no limits at all on contributions to the important legislative party committees. Because we do not have a mechanism for partial public funding of campaigns, we cannot under the Constitution impose the reasonable expenditure limits that are needed to keep money from becoming more and more important in the electoral process.

Each year the Assembly has enacted my bill to cure these problems. Last year I offered two distinct compromise plans to try to win the Senate Republicans over to this badly needed reform. This year I am proposing still another compromise: comprehensive restrictions on contributions and expenditures, together with partial public funding for the statewide offices; for the legislative campaign committees, contribution limits only on the contributions made to the committee (but not on contributions made by the committee to candidates), together with partial public funding.

Our Freedom of Information Law does not adequately cover the Legislature. I will again ask you to rectify this defect by adopting a law based on both the disclosure rule adopted by the Assembly in 1987 and the original version of the freedom of information bill proposed by Senator Marino in 1976.

The Ethics Law passed in 1987 can be improved further. In particular, the referral provision -- which requires a district attorney to obtain permission from the Legislative Ethics Committee and the State Ethics Commission to prosecute a criminal ethics law violation -- needlessly weakens the Ethics Law's power to foster public confidence. I will again ask you to enact a corrective amendment.

We protect whistleblowers who report official misconduct to law enforcement officials but, unlike the federal government, we do not protect whistleblowers who report official misconduct to the media. I believe we should conform to the federal law because of the vital role played by the media in exposing official misconduct and because of the obvious principle that a public servant be as free as reasonably possible to communicate with the public through the media when he or she has reasonable belief that official misconduct has occurred. In addition, I will again urge that Shield Law protection be expanded.

Persons who have abused the public trust by using public office corruptly for private gain can, under current law, retire with a full pension. This is wrong. A fair law to provide for pension forfeiture by court order in appropriate cases not only advances justice but adds an additional and potentially important deterrent to official misconduct. I again recommend adoption of the pension forfeiture bill that I have submitted jointly with the Attorney General and the Comptroller.

We have adopted strong ethical standards for the State, but standards for local governments still need to be improved. Local governments, many staffed by dedicated volunteers, need guidance and certainty concerning the ethical behavior of their elected officials and employees. To achieve this goal, I will push for the passage of the municipal ethics reform bill that I proposed last year. The bill clarifies and strengthens the ethical standards applicable to all local governments.

At the local level, legislative decisions are too often made in the secret caucuses of a dominant political party without any subsequent opportunity for open public debate on the floor of the local legislature. That cannot happen in the State Legislature, since different political parties control the two Houses and there are procedures whereby the minority party can force debate on the floor.

I still regret signing legislation that exempted from the Open Meetings Law not only party conferences in the State Legislature but also local legislative party caucuses where one party de facto dominates the local legislative process. I urge the Legislature to act on my proposal to apply the Open Meetings Law to local party caucuses in those situations where one party dominates the legislative process.

The Lobbying Law is another area in need of reform that relates to integrity. This law has substantial loopholes that have been exploited, and reform in this area has been long ignored. I will propose this year a bill that would expand the definition of "lobbying" to include all actions intended to influence the political process and would close the loopholes in the reporting requirements such as the exclusions for a lobbyist's travel, meals and lodging.

Election Law Reform

I am sure that another issue on which we all agree is the importance of the right to vote. Of all the things we want to stand for in the world, it is perhaps our standing as a democracy that is most important.

Unfortunately, in New York State our Election Law has a number of major flaws and impairs the working of our democratic principles. Indeed, one could look at our Election Law and easily conclude that we do not want everyone who is qualified to vote to exercise that right. Almost two-thirds of our voting population did not vote in 1989.

For example, we now require that, in order to vote, voters must register 30 days in advance of a general election and 60 days in advance of a primary election. It is obvious, however, that people tend to become interested in a campaign during its last few weeks.

Under current law, if they then decide that they want to register and vote, they are already out of luck.

I continue to believe that we should have Election Day registration, which would require a constitutional amendment. Meanwhile, I will again urge the adoption of the bipartisan recommendation of my Task Force on Electoral Participation to allow people to register up to 15 days before a primary or general election.

Current law requires that names of persons who have not voted for four years be purged from voting rolls. While I would prefer to eliminate the purge requirement entirely, I will propose that these names be placed on an inactive list that would still preserve the right to vote for the period covering three presidential elections -- a many-fold improvement over present law.

The Executive Order that I issued in 1984 to involve agencies in encouraging people with whom they deal to register to vote has been upheld by the Court of Appeals and has made an important contribution. This year I will amend that Executive Order to strengthen it so as to provide registration materials as directly and as conveniently as possible to all the people of the State that deal with our agencies. As part of that Executive Order, I will request the Board of Elections to provide registration forms that can be readily incorporated in tax and motor vehicle mailings.

Once again I call on the Legislature to enact a law requiring utilities to supply registration materials in an initial utility bill to a new address. This will maximize the convenience of re-registration for those who have moved. I also call again for the enactment of a law that allows us to register all high school seniors while continuing the requirement that they not vote until they are 18. And I will renew with the Assembly our joint, longstanding effort to enact a law that brings fairness to college students who are too often denied registration in the communities in which they reside. Such college students have successfully sued for their rights but the law as currently worded encourages abuse, and it should be reformed so that litigation will be unnecessary.

Another area where we need to reduce unnecessary litigation is in the area of ballot access. It is reported that half of the election law litigation in the nation occurs in the State of New York. While the integrity of the petition process is important and substantial irregularities must be treated seriously, it is time to amend the law to reduce technicalities, make it easier to collect petition signatures and reduce the number of signatures required. I will again propose to the Legislature my bill that achieves these objectives.

Finally, I believe the time has come to strengthen the structure of the State Board of Elections. I continue to believe that the State Board of Elections should have the power to impose a substantial civil penalty for election law violations, including violation of contribution and expenditure reporting requirements. In addition, I believe that the structure of the Board of Elections -- four commissioners, two from each major party -- has proven itself a weakness that too often creates paralysis where there should be action. I will propose that a fifth member be added to the State Board of Elections who will not be a member of any political party and will be selected by a panel consisting of the President of the New York State Bar

Association, the President of the New York League of Women Voters, the Chancellor of the State University, the Chancellor of the City University and the Commissioner of Education. The approximately 30 percent of the State's voters who are not enrolled in any political party should be represented on the Board of Elections.

Limited Initiative and Referendum

In our democracy, elected officials are not and should not be bound to vote on particular issues in the way that a majority of their constituents might wish. Nor should elected officials be required to take up and vote on every issue that a segment of their constituency believes to be of importance. But if a majority of the voters in the whole state believe a matter needs to be addressed, no good reason exists for the legislative process not to decide the matter one way or the other.

I believe that the right of the people to petition government should include the right to get an answer one way or the other when the petition is supported by a majority of the voters.

My plan is simple. If a petition supporting a legislative proposal is signed by 400,000 or more voters (approximately five percent of the enrolled voters), the voters will decide at the next election whether the Legislature should be required to vote on the proposal. If the answer is yes, the Attorney General will prepare and transmit a bill to the Legislature. The Legislature will have 30 days to vote on the bill in the form submitted or with amendments consented to by the Attorney General. If either House does not vote within the time limit, the bill will be treated as if it had passed that House. The bill will be subject to the Governor's right of veto and the Legislature's right of override as in the ordinary case.

South Africa

In recent years, dozens of state and local governments throughout the nation have enacted laws designed to encourage an end to the abhorrent system of apartheid in South Africa and the development of a nonracial democracy. For the past four years, I have worked to secure passage of a bill to divest our State's holdings in, and avoid business dealings with, companies that continue to do business with South Africa. Despite my efforts, which the Assembly has continually supported, we still have not sent a clear message to the government of South Africa that we will not support its reprehensible policy. We cannot continue to go unheard.

I have developed and will propose uncompromising phased-in sanctions designed to encourage prompt implementation of fundamental reforms in South Africa. I call upon you to make this proposal one of your top priorities and to act upon it promptly.

Court Reform

In this year of the Bicentennial of New York's ratification of the federal Bill of Rights, it is appropriate that we take bold steps in the area of court reform, facilitating the work of the body which is the strongest protector of our constitutional rights and liberties.

Court Merger and Merit Selection of Judges

My proposed constitutional amendment for merger of the States' major courts of original jurisdiction and for the merit selection of the judges in those courts is the cornerstone of needed reform.

The need for court merger is obvious. At present, we have so many courts that litigants have to waste time and money litigating over which court is the right court to hear their case.

We also have to go through convoluted exercises to put judges where we need them most. A District Court Judge may be made an Acting County Court Judge so that a County Court Judge can become an Acting Supreme Court Justice to allow another Acting Supreme Court Justice to terminate that acting position and return to the Family Court. It is a wasteful game of musical chairs.

Another problem is that the judges who preside in Family Court, and who are handling cases of special importance, sensitivity and difficulty, lack not only the stature of the Supreme Court but also the authority -- the jurisdiction -- to resolve a matter fully. Litigants and lawyers too often have to travel from one court to another, adding inconvenience, delay and expense.

Finally, many counties in the State do not have a resident Supreme Court Justice -- the only judge with plenary jurisdiction to hear all matters. Litigants in those counties have to wait for a Supreme Court Justice to travel to their county or they have to travel, often a great distance, for a plenary trial or hearing.

All of these problems would be cured by a constitutional amendment to allow court merger. I have never heard a cogent argument against it. The Senate Republicans supported first passage of my merger proposal in 1986 but refused to support the necessary second passage required for a constitutional amendment. It has never been clear why. Now, under the process for amending the Constitution, we have to start over.

We should give first passage not only to court merger but also to merit selection. Judges should not be chosen by political party leaders, as now happens in practice. Judges should be appointed by an accountable elected official from lists of the top candidates prepared by a non-partisan nominating committee. The appointment should be subject to confirmation by the Senate. The explicit criteria for the appointment should be character, temperament, professional aptitude and experience, not political affiliation. When we make politics rather than excellence the criteria for appointment we blur the line -- so important in a democracy -- between the political process and the judicial process.

I will again urge the Legislature to apply to the trial courts the merit selection procedures that we already use to appoint the judges of the Court of Appeals. I am proud of the Court, all of whose members I have appointed. Under my merit selection proposal for trial court judges the appointments would, with limited exception, be made by the Mayor of the City of New York for judges there and by the highest elected official in each county for judges outside New York City. It is time to move forward on this proposal.

Appellate Workload

Court reform requires that we be attentive to issues affecting not only trial courts but also our appellate courts. There is one intermediate appellate court for each of the four judicial departments. The Chief Judge and I have appointed a task force to study the workload in these four appellate courts and make recommendations regarding any need for additional judges, boundary line changes or an increase in the number of departments. Much if not most of case law development in New York State occurs at the intermediate appellate court level, and it is important to litigants and to the public that the workload of these courts be fairly distributed.

Code of Evidence

The New York rules of evidence, which govern what is and is not admissible in a court of law, are scattered throughout our statutes and case law. This can cause confusion and lead to needless error and injustice. The federal government and the majority of states have solved these problems by codifying their rules of evidence. New York should do so as well.

A working group that includes my Counsel, the Legislative Counsel to the Speaker, the First Assistant Counsel to the Senate Majority and Members of the Law Revision Commission led by Professor Robert Pitler of Brooklyn Law School, has been meeting regularly over the past 18 months to craft an appropriate code. They have been operating on the principle of codifying existing New York law unless there is a consensus for change. I look forward to joining with the Legislature to make an evidence code a reality in New York.

Jury Sequestration

New York's jurors are called on to make difficult and important decisions. They often face demanding working conditions, some of which are unavoidable -- waiting until a witness or a lawyer is ready or listening to long and difficult testimony.

One hardship is avoidable -- unnecessary sequestration of jurors. Currently, if they do not complete their deliberations by the end of the day, jurors are forced to abandon their homes and spend an unlimited number of days with their fellow jurors without any outside communication. In some cases, this forced sequestration is not necessary and is an uncalled for financial burden for the State, estimated at \$2.3 million each year. I will continue my efforts to achieve passage of the bill I proposed last year that would permit jurors to go home at night if good cause does not exist to keep them sequestered.

Lieutenant Governor Selection, Vacancy and Succession

We still need to reform the way we elect a Lieutenant Governor. During the past three years, I have enjoyed the benefit of a close and productive working relationship with Lieutenant Governor Stan Lundine. It has once again brought home the importance of having the Governor and Lieutenant Governor nominated as a team. Our proposal is still pending,

and I call upon the Legislature to act on the bill expeditiously so that it will apply to this year's elections.

The Lieutenant Governor and I have also proposed a constitutional amendment that would enable the Governor to appoint a Lieutenant Governor should the position become vacant, remove the anachronistic and ambiguous "absent from the State" clause from the Constitution and add a procedure for voluntary and involuntary declaration of gubernatorial inability to govern. I again call on the Legislature to enact the bill, so that the long process for amending the Constitution can move forward.

FISCAL POLICY AND TAX REFORM

The October 1987 stock market crash combined with federal tax reform and its ancillary changes in taxpayer behavior to contribute to a significant revenue shortfall in the State's 1988-89 fiscal year.

The depressed revenue levels of 1988-89 indicated that revenue growth for fiscal year 1989-90 would be insufficient to support our existing commitments, let alone any new initiatives. The reality of this structural imbalance required us to make many difficult choices in formulating this year's budget. Our emphasis on spending restraint coupled with additional revenues allowed us to sharpen our priorities and enact a balanced budget that continued to meet the most critical needs of New Yorkers.

However, since the budget was enacted, the slowing economy of the entire Northeast has resulted in budget gaps for states in this region. New York, like the other states, has experienced lower than expected tax receipts in the business, sales and real estate taxes. The depressed receipts in these taxes reflect a gloomy economic outlook for the next fiscal year.

Indeed, the 1990-91 budget will challenge us to make more difficult choices. But we are confident that we will succeed again, just as we did last year, and just as we did during one of the most serious recessions of this country's history in 1983.

Fiscal reform will remain a key issue on our agenda. Last year, we initiated discussions with the Legislature on a variety of fiscal reform ideas. As a result of those discussions, this year we will present a proposal to reduce the amount of the State's annual spring borrowing. The proposal will also limit the size of future spring borrowings, while providing flexibility to meet unanticipated needs.

We will also propose a plan to change the timing and format of two documents, the Five-Year Capital Plan and the Five-Year projections, to make them more informative and useful to all parties involved in the budgetary process.

Tax Reform

Fairness, simplicity, and competitiveness were the watchwords of the tax reform revolution that swept the nation and New York State in the eighties. The effects of these ideas are still rippling through our economy, shaping the goals for tax policy as we enter the nineties. We will continue to work to improve New York State's tax climate, building upon the accomplishments of the past decade.

In recent years we have done much to modernize, simplify, reform and reduce our taxes. The Omnibus Tax Enforcement Act of 1985, the Tax Amnesty Program, the Tax Reform and Reduction Act of 1987, the Business Tax Reform and Rate Reduction Act of 1987, the creation of the Tax Appeals Tribunal and related reforms to our trucking, bank and motor fuel taxes have brought our tax system into a new era of fairness, equity and intelligibility.

These legislative initiatives were complemented by administrative innovations coupled with the advantages offered by advancing technology. Lap-top computers allow for quicker and more thorough field audits, while the Systems Modernization Project processes assessments with greater speed and accuracy. Toll-free information hotline capacity has been expanded from 900,000 calls in 1983 to 2.7 million last year.

In some instances, the fairness promulgated in taxation over the last decade did not go far enough. We still need to address some of the flaws in the tax system that have been uncovered in the wake of tax reform, to assure a greater measure of equity for our taxpayers.

At my request, Commissioner of Taxation and Finance James Wetzler has developed a comprehensive package of legislative and administrative proposals to guarantee individual taxpayer rights, enhance taxpayer equity and further streamline tax administration. This package, where appropriate, will borrow from, or build on, the federal Taxpayer Bill of Rights, the Tax Department's own study of taxpayer problems, and bills introduced last session on similar issues. This package will cover administrative conformity with federal tax administration, taxpayer equity and taxpayer rights. I encourage your thoughtful consideration of these measures. Increasing the public's confidence in the fairness and equity of the tax system should be just as important a goal as lowering taxes.

Tax Expenditure Reporting

Full accountability must be one of our most important goals in a budget and tax system as enormous and complex as New York State's. It is absolutely necessary if other objectives, such as equity and fiscal prudence, are to succeed. We worked with Senator Roy Goodman and Assemblyman James Brennan to develop legislation creating a reliable and useful tax expenditure reporting system. The annual report would enumerate tax expenditures, their authorizations and, whenever possible, their cost estimates. If a budget includes proposals for changes to tax expenditures, the report would also contain an analysis of the impact such changes would have on those affected. I believe these reports will help ensure that tax expenditure data will be available for informed policymaking and the costs of tax expenditures will be considered as part of the budget process.

IMPROVING MANAGEMENT AND PRODUCTIVITY

State taxpayers are rightfully no less demanding of their elected officials than corporate shareholders are of their boards of directors. I have promised pervasive, profound and tangible efforts to improve the efficiency and effectiveness of State agencies. We have delivered on this promise thanks to our cadre of agency managers who, with ingenuity and drive, daily meet operational challenges that dwarf those most corporate managers face. Agency heads, tapping the talent and enthusiasm of employees within their organizations, are continually devising ways of streamlining government processes, employing modern technology, and improving internal controls to cut cost and avoid waste.

Productivity Program Achievements

The successes of our nationally recognized productivity program, coordinated by my Office of Management and Productivity (MAP), under the leadership of Thea Hoeth, are due to our collective commitment to improve government efficiency, increase productivity and encourage innovation.

In the past five years, agency initiatives have saved the State \$423 million. Among their initiatives in just the last year:

- The Office of Mental Health created regional clinical laboratories with the State University, Department of Health and Office of Mental Retardation and Developmental Disabilities to eliminate the need for laboratories at each of their facilities. The program improves laboratory services while avoiding new laboratory construction costs.
- The City University of New York developed a single centralized automated library system that provides direct computer terminal access to the library collections housed at 18 campuses. The new system avoids the need for separate campus systems and will save at least \$5 million over the next 3-5 years.
- The State Energy Research and Development Authority has assisted Buffalo, Jamestown and Rochester to develop cost efficient heating and cooling systems. To date, the savings include \$1 million in oil costs, and system users avoided \$12 million in capital costs for new boilers.
- The Department of Transportation is developing a new automated financial management system based on systems now in use by the State University of New York and the Department of Correctional Services. The transfer of this technology will realize significant efficiencies in time and money.

Some of our best accomplishments are in interagency projects. By coordinating agency activities, we can avoid duplication, improve services, speed transactions and save taxpayer dollars.

MAP continues to direct the multi-agency project to streamline procedures for contracting with not-for-profit providers of human services. We already see easier renewals and prompter payments and look forward to even greater improvements.

The Office of Business Permits and Regulatory Assistance is taking the lead on our paperwork reduction effort. Over the past 4 and one-half years, 76 State agencies eliminated or simplified thousands of forms, saving businesses, local governments, State agencies and taxpayers more than \$70 million. I will issue an Executive Order to make paperwork reduction an on-going part of all State agencies' operations.

The Department of Economic Development, with the Department of Agriculture and Markets and the Division of the Lottery, established a centralized marketing approach to State agency newspaper advertising, to save State agencies \$145,000 for 1988-89. The Department will expand upon this effort.

MAP, the Office of General Services, the Office of Mental Health, and the Office of Mental Retardation and Developmental Disabilities have developed a prime vendor purchasing system to obtain drugs at lower prices and to improve purchasing and inventory practices at agency pharmacies. The prime vendor pilot project reduced drug expenditures for six facilities in New York City and Long Island by \$320,000 in its first nine months. We will expand the project to additional regions.

The work of the Housing Subcabinet, chaired by Lieutenant Governor Stan Lundine, is discussed at length elsewhere in this Message. The coordination of the State's four major housing development and financing agencies (HFA, SONYMA, DHCR, DSS) is the single most important step the State can take to assure adequate and affordable housing for all New Yorkers.

We are now in our second year of operations reports to assess how well agencies are accomplishing State priorities and to provide State managers additional ways to evaluate agency performance.

Future Challenges

Key to many of our improvements and our preparation for the future is the optimum use of new technology. Since managing information is critical to managing government, we are constantly looking for better ways of collecting, storing, retrieving and appropriately using accurate and pertinent information both for planning and service delivery purposes. Already in place are systems that save individuals and businesses time and money and serve as valuable planning tools for agencies. For example, State agencies use electronic data transfer systems to process student loans, obtain information on unemployment claims, and transfer payments.

Not many employers have to manage a workforce of nearly 250,000, situated at scores of locations, many with round-the-clock work schedules. New York State does. The job of coordinating just the payroll and personnel management services to support that diverse workforce is staggering. We have just launched a major systems project to lay the information infrastructure for these services into the next century. Taking advantage of the latest

technology, the Integrated Personnel and Payroll System will serve all branches and agencies of State government, modernize computers, reduce State agency paperwork through electronic transmission of payroll data, eliminate costly, duplicative agency efforts to improve payroll and personnel systems, and provide all agencies with the information essential for meeting the State's personnel needs as the workforce changes in the years ahead.

As much as we have accomplished, much remains to be done.

Individual State workers are the greatest source of inspiration for productivity improvements. In the past five years I have conferred the Governor's Productivity Award upon 54 employees whose combined initiatives have saved the State more than \$15 million by application of innovative procedures. We will establish a State managers' roundtable as a forum in which managers of State agencies can share common problems and solutions and assure application of the finest thinking and most recent technology to State problems.

I have asked MAP to host a major conference to bring together productivity experts from throughout the country. In this forum we can exchange ideas about management techniques and emerging technology to simplify and modernize government operations.

The work of my Advisory Council on Management and Productivity proves the value of bringing business expertise and the experience of the academic community to State government operations. Loaned executives are invaluable. During the past 5 years, 53 loaned executives from 29 private sector entities volunteered to improve the management of agency operations through their technical expertise.

To complement the work of the State managers' roundtable, I will establish additional management panels within major State agencies, similar to those established by the State and City Universities, to help agency heads devise ways to save and improve services.

Of all we have done to encourage innovation by our employees and managers, there are still other incentives to creative management approaches that should be considered. I will direct MAP, the Division of the Budget, and the Office of Employee Relations to explore new ideas to spark even greater resourcefulness in State government.

Land is one of the State's most precious assets. Whether we use State land for sorely needed affordable housing, for economic development opportunities, to preserve our environment, or for other public uses, or even for sale, a single comprehensive inventory of State lands in the Office of General Services is essential. I will issue an Executive Order creating a Real Property Utilization Committee and directing OGS to work with other land holding State agencies to develop a comprehensive State real property inventory which will include details necessary for planning and disposition.

The State and its local governments purchase nearly \$1 billion in commodities each year, but our paper intensive procurement systems delay processing and approvals. I will direct OGS & MAP to apply the lessons learned in automating our drug purchasing processes to the accelerated computerization and improved efficiency of all purchasing operations.

I will continue my efforts to assure public authority accountability. In 1990 we will establish a first of its kind orientation program for authority board members and establish a schedule of regular meetings of authority boards and senior State management to assure coordinated approaches to critical program, fiscal and operating issues.

Pursuant to Executive Order No. 127, starting in 1990, I will require State agencies to process contracts with not-for-profit human service providers expeditiously, without sacrificing necessary checks on provider suitability and performance, to assure prompt contract renewals and payments. The Director of State Operations and Policy Management will receive reports of deviations from specific time frames.

CONSUMER AFFAIRS

Item Pricing

Placing a price on items for sale supports the consumer's basic right to know. It provides an essential protection for consumers, particularly for the elderly and those on fixed incomes. Without an item price, a consumer cannot verify the accuracy of the cashier or laser price scanner, compare the prices of various items throughout a store, or compute the cost of a market basket.

Last session I signed a bill extending our current item pricing law through June 1991, with the understanding that the Legislature would work to pass a bill that contains stronger enforcement mechanisms and replaces the 4.5 percent non-specific exemption with a uniform item-specific exemption list. Negotiations failed to reach agreement on what the list would contain, primarily due to lack of store data, so I directed the Commissioner of Agriculture & Markets to conduct a study of the relative percentages of items offered for sale in stores across the State.

At my request, the Department expedited its study and submitted its report to me last month. Based on its findings, this year I shall submit legislation to enact a stronger, permanent item pricing law.

When I signed the extender bill, I directed Commissioner McGuire and Attorney General Abrams to increase their efforts to expose violations and enforce fines. At my request, the Consumer Protection Board launched a statewide item pricing watchdog campaign, and its efforts revealed that several stores may not be in compliance with the law. The Board referred these potential violations to the Department of Agriculture & Markets for appropriate action.

I will ask Consumer Protection Board Chairman Richard Kessel to continue his watchdog efforts, and I will also direct the Board to conduct outreach to consumers -- particularly elderly, low-income and budget shoppers -- on the importance of the item pricing law, how the law works, and what to do if they find items in the supermarket that are not item-priced.

Proprietary School Reform

Numerous studies and public hearings convened by Assemblymen Richard Brodksy and Edward Sullivan have uncovered widespread and serious problems in many New York proprietary schools. Recent school closings have left hundreds of enrolled students without instruction or refunds to which they were entitled. The Consumer Protection Board has received numerous complaints from students who withdrew from inadequate programs and failed to receive tuition refunds. Other students did not receive adequate information before enrolling in a school, signing up for courses they were unqualified to take; in some cases, students were recruited despite a total lack of English language proficiency. Similarly, students are being lured to these schools with false promises that they will get high paying jobs upon graduation.

Not only are students being adversely affected, but the State has also lost hundreds of thousands of dollars in student loan defaults. While the federal government has adopted regulations to lessen the extremely high student loan default rate among these schools, we must take steps here in New York to curb these problems. Reform of the proprietary school system will also improve our job training efforts as required by the Family Support Act of 1988 and will enable our State workforce to be augmented by properly trained workers.

I am pleased with the reorganization undertaken by the State Education Department to improve its Bureau of Proprietary School Supervision, yet more must be done. Therefore, I will propose a comprehensive reform bill to make the proprietary school system more accountable and to help students make informed decisions about their educational choices.

Travel Scams

Last year I submitted legislation to give the State an enforcement tool against fraudulent travel schemes. A report by the Consumer Protection Board documented a rapid increase in the number of complaints about unsolicited telephone calls and mail that offer consumers "free" vacations that actually involve expensive membership fees, carrying charges or other undisclosed costs. These deceptive travel practices are defrauding consumers of millions of dollars.

I shall again propose a bill to protect consumers from these travel scams. It will require travel promoters who solicit consumers directly by mail, or by telephone, to provide written disclosures and a cooling-off cancellation period to consumers, and will also prohibit hidden excess fare charges.

Commercial Claims Court Reform

Last year I submitted legislation to enact additional consumer protections to the procedures used in Commercial Claims Court. In July, I vetoed a bill that would have expanded only the monetary jurisdiction of the Commercial Claims Court without providing the consumer protections contained in my bill.

Now that the 1987 law creating the Commercial Claims Court has gone into effect in all jurisdictions of the State, it is even more imperative that you enact these safeguards. I will submit my Commercial Claims Court reform bill again this year.

Consumer Environmental Education Campaign

Our nation is fast becoming a disposable society, and our landfills are held hostage to disposable food containers, razors, batteries, diapers and bottles. The average American generates about 3.5 pounds of trash a day, a national total of about 160 million tons a year. Solutions to our solid waste crisis will require the cooperation of both business and consumers.

Consumer behavior and attitudes in the marketplace are significant factors in solid waste disposal. Polls indicate that consumers are willing to change their daily shopping behavior because of environmental concerns, and they are willing to pay extra for packaging that can

be recycled. If supplied with adequate information upon which to make environmentally sound choices, consumers can help to reduce our environmental problems.

April 22, 1990 marks the 20th anniversary of Earth Day, and we will mark this event here in New York State with numerous activities. I will direct Consumer Protection Board Chairman Richard Kessel to initiate a consumer campaign to educate consumers as to the decisions they can make which will result in a cleaner environment, and also bring monetary savings for the consumer. I will ask the Board to develop a comprehensive shopper's guide to inform consumers of environmentally and health conscious shopping choices.

The individual consumer can only do so much, and if we are going to meet our waste reduction goal of 10 percent by 1997, we must work with industry to make their products more environmentally acceptable. To this end, I have joined with the Coalition of Northeast Governors to coordinate a regional source reduction effort, including goals for packaging reduction and elimination. Packaging accounts for more than one-third of the State's waste, and represents a portion of the product's cost to consumers.

We can no longer afford a throw-away society; all of us, business and consumers alike, must re-examine our actions if we are to pass on a clean and healthy planet to our children and grandchildren.

Citizens' Utility Board

For several years I have advocated creating a Citizens' Utility Board to represent the interests of residential utility consumers before regulatory agencies, the courts, and legislative bodies. Consumers deserve to have the organizational, financial and legal resources necessary to intervene successfully in utility matters.

I remain strongly committed to the concept of a Citizens' Utility Board, and this year I will take all administrative steps possible to facilitate the establishment of a member-funded, not-for-profit Citizens' Utility Board. I will ask the Public Service Commission and the Consumer Protection Board to work together with interested consumer groups to determine how we can best create a Citizens' Utility Board here in New York.

Kosher Law Enforcement

Last year I directed the Department of Agriculture and Markets, in conjunction with the Kosher Law Enforcement Advisory Board, to develop legislation to streamline our kosher laws. The Board has submitted a preliminary report on its 1988 public hearings, and I will wait to review its final report before I propose specific legislation. The Commissioner of Agriculture and Markets will work with the Board to help it finalize its legislative recommendations.

Automated Teller Machines

Last year, I recognized the need for regulation of Automated Teller Machines (ATM), which have increased the availability and efficiency of banking services for consumers. I will

again press for legislation which will provide consumers greater access to ATM services and which will afford consumers reasonable notice of the fees charged for their use.

Consumers' Right to Sue

When a person buys a defective product in New York, our Uniform Commercial Code frequently blocks the consumer from asserting the right to sue for economic damages. The U.C.C. requires the consumer to demonstrate "vertical privity" in order to sue for breach of implied warranties. The consumer is said to be in vertical privity with the retail store, meaning that the buyer can sue only the retailer, who frequently is not at fault. Thus, manufacturers and wholesalers are insulated from suit.

Consumers should be able to sue manufacturers on implied warranties when a retailer does not have adequate resources to pay a judgment or cannot be brought into court for procedural reasons, such as the absence of personal or subject matter jurisdiction or the passage of the statute of limitations. It is also simply more equitable to permit a direct suit against a manufacturer, as it is often the manufacturer who advertises and creates demand for the product, and the manufacturer has the best opportunity to inspect the product and eliminate any defects.

Our State courts have repeatedly indicated their dissatisfaction with the vertical privity rule, and the Court of Appeals has called it an "old and outmoded technical rule of law". Therefore, I shall work with Attorney General Abrams to develop a bill that abolishes this unfair and illogical requirement.