

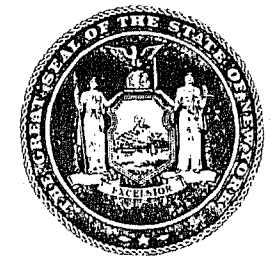
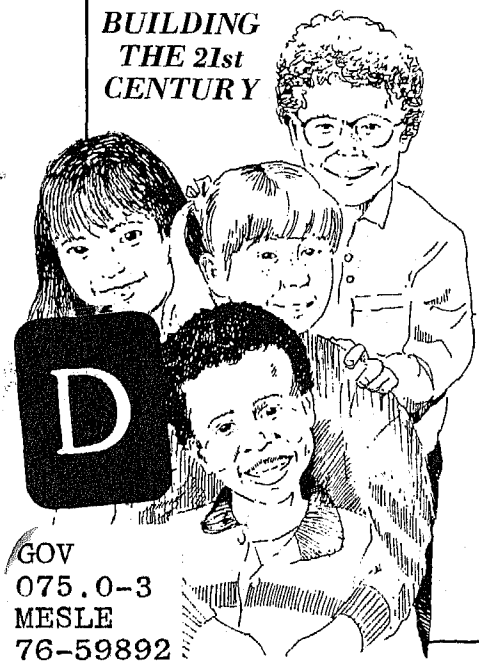
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Governor Mario M. Cuomo

MESSAGE TO THE LEGISLATURE

*BUILDING
THE 21st
CENTURY*



Albany, New York
January 6, 1988

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ANNUAL MESSAGE

STATE OF NEW YORK

January 6, 1988

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

Once again I am honored to present this Annual Message on the condition of our State and our plans for the future.

BUILDING THE TWENTY-FIRST CENTURY

No governor can act effectively without the support and cooperation of the Legislature. Time and time again, you have shown the people of this state and nation that we can work together. Democrats and Republicans, upstaters and downstaters, farmers and factory workers, labor and management, men and women of all colors, cultures and creeds — we have collectively forged a record of which we can all be justifiably proud. This intelligent cooperation is the pattern that we must continue to follow in the future. It is the New York Idea.

When I spoke with you last year, I said that “New York and America have entered a new world of a globally integrated economy.” Events during the past year have emphasized that message more forcefully than any speech could. The continuing shocks and uncertainty that now overshadow the American and New York economies force us to realize that our economic future is inseparably intertwined with the rest of the world. Now more than ever, New Yorkers and all Americans must work together to build a solid base for our economic future, or risk our hard-won standard of living and social gains.

The international economic challenge comes at a time when huge

federal deficits, themselves implicated in global economic uncertainty, mean that calls for massive new government spending programs are unrealistic. At the same time, we must recognize that our economic future and our social well-being both require continued strategic public investment and spending. We must continue to be fiscally responsible. But it would be wrong to forget that our essential purpose as a government is to improve the conditions of peoples' lives. A balanced budget that ignored the legitimate needs of our poor and struggling middle class would be the emblem of hypocrisy. Our policies and actions must be directed from both our heads and our hearts.

Three principles must continue to guide all of our deliberations. First, we must meet the basic needs of our people for a full chance to live in peace with dignity. Second, we must keep strong the economic base we require to meet those needs. And finally, to assure that strength, we must make our government as efficient as possible, insisting on pervasive, relentless accountability through careful program design and continuous, rigorous assessment.

These principles together provide a means to judge individual proposals and to guide our actions as public officials.

The last decade of governance in this State has shown our capacity for enlightened political bipartisanship and cooperation among all sectors of our society. We have made extraordinary progress in all areas.

Now we can face new challenges to our capacity for hard work and intelligent cooperation. If we meet them, we can release vast new energies and realize immense new potential for the good of the Family of New York. Together, we can begin to build the next century, starting today.

THE NEW FISCAL FOUNDATION

After several years of slow but sustained growth, the nation's economy is once again on an unsteady course. The stock market trauma of last October, the continuing decline of the dollar, and the federal government's huge deficits all increase the risk of economic slowdown. Layoffs on Wall Street and the unpredictable effects of federal tax reform further add to the element of uncertainty for the State of New York. This is clearly a time for renewed fiscal prudence. The unexpected will happen. It already has.

For the last five years we have been putting our fiscal house in order. We closed a projected \$1.8 billion budget gap in 1983-84. We reduced the growth in our spending. After successive years of GAAP-balanced budgets, achieved through hard work coupled with a strong economy, we reduced the State's accumulated deficit by \$1.2 billion. By setting aside funds to pay our liabilities more currently, we also reduced our annual spring borrowing by \$1.7 billion.

When faced with an unexpected and episodic surge in income tax payments early this year, we placed the money in a trust fund to help rebuild our infrastructure, reserving it to relieve pressure to finance capital needs, without creating false expectations of its recurrence.

Our commitment to fiscal responsibility was reflected in our work this fall on a piece of unfinished business from the last session: hospital reimbursement. Working together, we found a way to forge an acceptable bill that reduces costs to individuals and businesses by more than \$300 million. We need to address promptly and in that same spirit another piece of unfinished business: pension supplementation. I have said that I can support as fiscally responsible the restrained approach taken in the bill I vetoed due to its legal defects. That veto gave New York City another chance to air its objections. Now is the time for decision.

Over the past five years, we have demonstrated a consistent pattern of fiscal responsibility, earning for us a new reputation for fiscal integrity. In the last two years, both major rating agencies have upgraded our long-term debt rating. And our short term debts are now at the highest possible rating. This means lower borrowing costs for the State.

We have come a long way, but our work is not done. Having overcome the crises of the 1970's and the early 1980's, we must continue to strengthen our financial foundation as economic fortune permits.

Looking to the year ahead, we must preserve the huge tax cuts to which we are already committed. To do this, we must continue to ensure that our spending does not grow faster than the economy. To control spending and still meet our State's needs, we will scrutinize our spending programs more closely than ever. We will demand a new and more rigorous accountability for the taxpayer dollars we spend, and we must be prepared to abandon ineffective policies, alter inefficient programs and restructure governmental agencies to reduce costs and improve services.

MAJOR CHALLENGES FOR 1988

THE DECADE OF THE CHILD

New York's children are in danger. They are threatened by poverty, inadequate education, even terrible physical and mental abuse.

The statistics are frightening:

- in 1980, one in five New York children lived in poverty; by 1984, the proportion had grown to one out of every four; for minority children, one out of two are poor;
- over 500,000 children have no health care coverage;
- approximately 700,000 children have inadequate food and are at risk for nutritional deficiencies;
- more than 24,000 children dropped out of New York City's high schools in 1985-86;
- over 760,000 young adults are believed to be functionally illiterate.

Too many children bear children; too many children lack decent and safe housing; too many children receive inadequate education. They are our future. We have no time to lose.

For most of this century, New Yorkers called for public assistance to low income families and children because it was the right and compassionate thing to do. Over the last generation, we began to understand that the provision of effective, efficient and accountable public services to assist low-income families and children was essential to our own self-interest. Today, it is even more evident that public and private efforts on behalf of families and children are no longer just a matter of self interest, they are a matter of economic survival in the twenty-first century.

The problem is pervasive and deep. It demands nothing less than a bold and broad commitment of government at all levels, in partnership with the whole community.

With that in mind, we must make a commitment to our children, in every conceivable way. Not just this year, not just next year: we must make the next ten years, the Decade of the Child!

Early Childhood

The early years of a child's life are critical to later development, not only providing school readiness, but creating the foundation for the adult years. Given the sobering situations in which many children live, it is vital that we invest wisely in their early well-being. Clear and convincing evidence exists that investment in the young child is both effective and yields long-term savings. We know what works, and we must direct our resources accordingly.

Prenatal care is the first step toward healthy growth and development. Yet, too many pregnant women do not have access to these services. Further, we need to find ways to permit more parents to stay home with their babies before they return to work — a benefit that promotes healthy physical and cognitive development in the child. When they return to work, parents need to know that high quality child caring arrangements are accessible and affordable. Finally, as the child matures, we must adopt strong measures to provide quality pre-school preparation for all four-year-olds. To address the changing needs of children in their early years, my 1988 Program will include a comprehensive package of early childhood services designed to improve the availability and quality of health care, child care and pre-school education.

Children's Health

Today, more than two and one-half million New Yorkers, a quarter of them children, are estimated to have no health insurance whatsoever. An estimated twenty-six percent of the uninsured have incomes below the poverty level. Many of these families, despite their poverty, do not qualify for Medicaid because their incomes exceed present eligibility levels. My 1988 Program will include proposals to increase Medicaid eligibility levels and extend health coverage to an additional 88,000 individuals, including an estimated 55,000 children. Assembly Majority Leader James Tallon has introduced legislation on this subject, and we will be working closely with him on these proposals.

In addition to the Medicaid eligibility changes, I will propose legislation to create a special category of health coverage for an additional 65,000 children in families with incomes below 125% of the poverty level. This initiative will enable families to purchase health insurance for their children with low-cost premiums based on a sliding

scale according to income, with most of the cost subsidized by Medicaid. These actions, along with pilot programs for the uninsured included in the recent agreement on hospital reimbursement legislation, represent bold steps toward providing universal health care coverage for all New Yorkers.

The federal government recently enacted changes to the Medicaid program which provide eligibility for pregnant women and children up to age one, whose family income is below 185% of the poverty level. This is an important opportunity to expand the provision of prenatal, well baby and other services to women and infants in need, and I will ask your support for legislation that conforms our State statute to take advantage of this change.

The program enrichments described above are vital, but they require increased spending. To help accommodate the new costs, I will propose several essential Medicaid cost containment proposals.

The Supplemental Nutrition Assistance Program (SNAP), which was first approved in 1984, currently serves over 55,000 women, infants and children monthly. The services provided by SNAP help to reduce infant mortality and increase birthweight, reducing the incidence of disability. To continue and expand this effort, and to provide nutritional support to people who are elderly and homeless, my Budget will include a significant increase for SNAP in 1988-89.

In addition, the budget for the State Office for the Aging will include funds for the Foster Grandparent Program to serve high risk infants and children. These grandparents provide some of our neediest children with love and nurturing while they are in hospitals or other interim care facilities.

Child Care in the Work Place

In today's society, issues of child care, economic growth, and the quality of life in the work place are inextricably intertwined. Therefore, we are committed to work hand-in-hand with the private sector in responding to the work place needs of parents and families. Studies show that when workers who are parents have safe, affordable, accessible, quality child care arrangements for their children, productivity as well as attendance greatly improve.

New York State has taken the initiative in providing work site child care facilities on a massive scale through a joint program with our public employee unions. Our national award-winning work site child care program demonstrates the exciting potential of

labor/management cooperation in recognizing and addressing the realities of the new American family and work place. Thirty-one centers serve 2,200 children at State work sites across the State. Centers typically serve children eight-weeks to five years of age, with many centers also providing all-day kindergarten and services for older children in after-school and all-day summer programs. Start-up funding is provided through the collectively negotiated contracts between the Governor's Office of Employee Relations and the major public employee unions, and user fees are charged to participating parents. We are proud of this cooperative investment in the future, but recognize that much more remains to be done to achieve the desired balance between work and family responsibilities.

We will share our experiences with leading private sector executives and encourage them to use a collaborative approach to respond to a pressing work place need. Judith Avner, Director of the Division for Women, and Vincent Tese, Director of Economic Development, will organize these meetings in cooperation with the Governor's Office of Employee Relations and the Department of Labor to discuss ways to increase the availability of affordable, accessible, quality child care.

We will develop incentives for employer-sponsored child care and low cost financing for businesses to construct child care facilities through the Small and Medium Sized Business Assistance Program. I will also recommend the implementation of a new demonstration program to test the impact of child care provision on employee recruitment and retention of low income mothers.

Just as we have received national recognition for our child care program, New York has broken new ground in establishing work scheduling alternatives to assist State employees to meet the requirements of the work place and the responsibilities of the home. Flexible work schedules, the voluntary furlough program, maternity/paternity leave, job sharing and part-time work programs have been developed through labor/management cooperation and are adaptable to the private sector. I call upon the private sector to consider strategies to provide parental leave for more New Yorkers.

Early Childhood Education and Child Care

Pre-kindergarten education for four-year-olds should be universally available throughout New York State within five years. Further, child care is an increasingly important means for promoting

early childhood development and is an essential service for families to be economically independent. My 1988 Program, therefore, will include a comprehensive package of early childhood services designed to improve the availability and quality of preschool education and child care services. Highlights of this package follow:

- a major expansion of pre-kindergarten programs for preschoolers, with the goal of every school district in the State offering at least half-day programs for four-year-olds within five years and the coordination of these programs with child care;
- increased State aid for subsidized child care slots serving working families who are poor;
- continued funding for child care start-up costs;
- authorization for child care centers that meet the appropriate education standards to access pre-kindergarten funds to expand the availability of full child care;
- legislation requiring transportation from pre-kindergarten programs to home and to family child care providers;
- development of a new program to train and assist women on public assistance to become family child care providers.

Education

If there is one area where government touches all children, it is education. State support for local schools is among the largest local assistance expenditures in our Budget. We have provided an unprecedented amount of additional local school aid — nearly \$2.7 billion over the last five years — for an increase of 57 percent. These funds have supported programs for dropout prevention, teachers' salaries, textbooks and magnet schools. We provided support for computer hardware and software, library materials, bilingual education and teacher centers. And we targeted high tax aid to school districts in need, pursuant to legislation sponsored by a former Member of the Assembly, now Suffolk County Executive, Pat Halpin. During the coming year, we will continue to provide strong financial support to our schools.

But the time has come to be more insistent about proving we are getting our money's worth for the huge investment we are making in our educational system.

We have had many dramatic achievements in our schools, but with all our successes we must recognize that our educational institutions have failed to adjust adequately to the rapid changes in our pluralistic society. In 1985-86, more than 43,000 students dropped out of New York State schools. In some of our urban schools, the dropout rate exceeds 50 percent. The time when a student could drop out of school and hope to earn a decent living without a completed education is long past. The time when a man or woman could compete in this society without basic literacy is even further behind us. Our business leaders tell us that it is increasingly difficult to recruit an educated work force, while our international competitors choose from foreign education systems that are often more rigorous and demanding than ours.

National Center for Education and the Economy

The condition of our economy and the health of our democratic government is related inextricably to the skills and intellectual capacity of our citizens. We now have a unique opportunity to house the National Center for Education and the Economy in Rochester. The Center will analyze the relationship of education to the national and state economy and develop strategies to increase productivity through a restructured system for education, training and retraining. In partnership with the City of Rochester's education and business leaders and the University of Rochester, the Center will also provide assistance to the Rochester school system as it continues to implement the imaginative and nationally recognized redesign of education services. I will include \$1 million in the Executive Budget, to be enhanced by private and foundation sources, for the first year of a multi-year commitment to support the Center's mission.

Targeted State Aid

Meeting the needs of the at-risk student is clearly the most serious educational problem we confront. In the year ahead, we will provide more resources to the school systems of our State, but we also must do more to see that these funds are expended wisely. This is particularly important for the many overlapping programs sponsored by community and State agencies that are focused on school children.

In my school aid recommendations for the coming year, I shall once again propose inclusion of a poverty factor in the allocation of State aid. To the extent that school districts receive this aid and have

individual schools at the lowest performance levels of the Comprehensive Assessment Reports (CAR), the districts will be held strictly accountable to the Regents for improving the achievement of these students. School districts that demonstrate solid performance will be free to continue in their own way, using these funds without detailed description to the Regents. This approach of targeted accountability allows for flexibility based on performance, yet requires detailed oversight where improvement is needed most.

Schools have become a focus for many of our efforts to improve students' health and to prevent health-related problems such as poor nutrition, alcohol and drug abuse, and AIDS. The Council on Children and Families and several other State agencies have developed strategies for improving existing school health education and prevention services. However, while it is clear that these programs address issues vital to our children's total well-being, the fragmentation, lack of coordination and absence of any standard of accountability for student mastery of the health curricula have hampered the ability of schools to respond to youth problems effectively. In response to this problem, I will propose establishment of a network of Regional Health Education Coordinators to work with school districts, community and State agencies to facilitate improved communication, implementation and accountability.

I shall propose increased funding in my budget for textbooks and library materials. This increased support will enable both public and nonpublic schools to meet the escalating costs of these materials. Children in both public and nonpublic schools should have the latest and highest quality materials available to them.

Community Schools

At the local level, we have begun an exciting demonstration program to deal with the role of the schools in the face of the changing family and community structures I have described. This "Community School Program" will make selected schools the focus of the comprehensive delivery of educational, health and social services. Parents will be included both as students of parenting and as helpers in the Community School Program, and in-service training will be available for the community school staff. Each pilot program will create an advisory council with broadly based community and local business representation to plan school activities and set objectives. These prototype schools will remain open from early morning into

the evening to provide before-school and after-school services to the children of working parents. They will also function as centers for community sport and recreation programs. I call upon the Regents to have ten prototype community schools in place across New York State in 1988, and I believe they will be found in every school district in the State that chooses to have them by the end of the Decade of the Child.

The Teaching of Values

Parents, educators and the public agree that schools must place greater emphasis on teaching the broad set of civic and human values that have made this nation what it is today.

Our schools should be places in which students see and hear the best we are capable of as a people. Children should be taught self-respect and self-esteem, qualities that I believe will help greatly to eliminate drug problems and other disruptive influences in our schools. Majority rule, minority rights, tolerance, hard work, honesty and respect for the rights of others are but a few of the many values to which we ascribe. Civic values, such as serving on juries, volunteering, voting and reporting crimes in the community are essential to make our participatory, democratic system of government more effective.

Job Preparedness

As we approach the 21st century, we face significant changes in both the composition of the work force and the demands that will be placed on it. The pool of young workers entering the labor force is shrinking. In 1985, young workers represented 20% of the work force. By 2000, they will account for only 16%. This means that there will be plenty of jobs for young people, if they are ready for them.

However, we face a crisis in the preparedness of young persons for jobs.

The service sector will become an increasingly important segment of the state employment picture. Many of these jobs will demand higher skill levels. Rapid turnover and change of industries and firms will require workers to adjust more quickly and more often. Not only will higher levels of education and skills be required of some new entrants, but life-long learning will become a necessity as people change jobs and occupations more frequently.

Stemming the Tide of High School Dropouts

The high school dropout rate for our young people, especially those from the black and Hispanic communities, continues to be one of the most pressing problems facing our society. Today's youth are the backbone of tomorrow's work force, and, as such, represent a critical element in the economic future of this State. We need to expand our efforts to insure that our youngsters enter the work place with all of the skills demanded by our employers.

I already have called upon the Regents to take action to reduce the dropout rate. While the annual dropout number in New York City declined from more than 40,000 students in 1980-81 to 24,000 in 1985-86, it is imperative that we set a goal of cutting that number further, at least in half over the next five years. A comparable goal should be set for the rest of the state. By 1998 our goal should be a dropout rate below ten percent.

Liberty Scholarships

Achieving this reduction in the dropout rate is an ambitious goal, but one that I believe we can achieve if we take bold steps now to work with children who will shortly enter their high school years. I will present for your consideration legislation to create a new program of Liberty Scholarships that will guarantee seventh grade students from families within 130% of the poverty level that if they persevere, graduate from high school and are accepted at a New York college or university, the State will provide them with additional funding beyond their other State and federal grants to cover their full costs of attendance for up to four years at the State University or City University, or to apply that same amount toward their attendance at an independent sector institution.

Adolescent Pregnancy Prevention and Services

In 1984, we enacted a new program, the Adolescent Pregnancy Prevention and Services Act, to prevent adolescent pregnancy, to better serve teenage parents and to encourage them to continue their education. This program, which expires on March 31, has resulted already in a significant reorientation of community perceptions and strategies concerning teen pregnancy. The new partnerships being formed on the local level to serve these young people and provide them with alternatives to pregnancy must continue. I will submit legislation to make this program permanent. I will also direct the State

agencies involved in this effort to use our experience and the results of an independent evaluation of the program to improve its administrative efficiency, streamline its funding process and enhance its accountability.

School, College and Business Partnerships

Our partnership efforts in school districts on behalf of at-risk youth need to be constantly strengthened. The CUNY Board of Education Partnership is an example of the efforts linking elementary and secondary schools with colleges and universities. In particular, the Middle Colleges in New York City jointly conducted by CUNY and the Board of Education have shown demonstrable results in student retention.

School and business partnerships that relate education to the world of work and enhance students' employment opportunities are similarly important. The Department of Labor has worked with the private sector and other public sector agencies to establish a Job and Career Center in Manhattan to provide high school students with practical, hands-on job-seeking information and direct access to private sector employers. In addition, the Department has job-placement staff located in high schools in the metropolitan New York City area and other locations throughout the State. It offers a wide range of highly effective youth intervention programs in conjunction with the State Education Department and the Department of Social Services.

Our School and Business Alliance program has begun in several key districts across New York State. A related new effort is a statewide mentoring program that links at-risk youth with volunteers from the public and private sectors, offering young people positive role models, helping them to develop self-esteem, maximize their potential and, most importantly, stay in school.

Sex Equity in Education

As we work toward achieving excellence in education, it is critical that the educational system break through the walls of sex-role stereotyping and train women for "non-traditional" jobs that provide opportunities for higher pay. As part of this effort, I will ask again for your support for passage of the Sex Equity in Education Act to guarantee an educational environment free of sex stereotyping, sexual harassment and sex discrimination.

Early School Detection of Potential Problems

To deal more effectively with elementary pupils who are at risk of dropping out, I recommend that the Legislature adopt a comprehensive program to counsel and improve the performance of primary level students in targeted districts across the state. We already have a demonstration Primary Mental Health Project which has proven successful in more than seventy school districts across the state. Assembly Member Roger Robach has proposed legislation to expand this program statewide and select the schools on a competitive basis. A program similar to the one originating in Rochester and demonstrated as a success in other districts will be included in my Budget and should be adopted as a comprehensive, cost-effective drop-out prevention program.

The Special Plight of the New York City Public Schools

The New York City school system is in crisis. Various published reports and the statements of interested parties both inside and outside the educational community demonstrate an overwhelming consensus that the school system is failing those students most in need. Students who do graduate from New York City schools often find that their education has not equipped them to compete effectively in college or the job market. The City University finds it necessary to develop a summer freshman skills program to remediate students graduating from the City's schools. Business and industry regularly voice their difficulties in recruiting an educated labor force.

I have discussed the situation with Senator James Donovan and Assembly Member Jose Serrano, chairs of the education committees. We are in agreement that the State must demonstrate aggressive leadership to improve the situation. The elementary school students of today are the work force of tomorrow.

The physical facilities of the schools have reached a point of deterioration that requires prompt, decisive and rational action, but the City's educational structure has regularly demonstrated its inability to deal with these problems, again pointing to a school system in crisis. Mayor Koch, Municipal Assistance Corporation (MAC) Chair Felix Rohatyn and I have pledged \$600 million of MAC funds to address the system's physical facilities needs. In order to ensure these funds are as productive as possible, we have requested reforms to obtain quick programmatic determination of facilities needs, timely construction of school buildings, and commitment to quality

maintenance now and in the future. On recommendation of the Council on Fiscal and Economic Priorities, I have already submitted legislation to authorize a subsidiary of the State Dormitory Authority to assume responsibility for all new construction and major rehabilitation projects for the City school system.

Two bills now pending in the Legislature deserve your early consideration and support. Assembly Member Serrano has introduced legislation reforming the election process for the City's community school boards. This bill goes a long way toward electing community school board members who are free of outside political pressures and whose only constituency is the children they serve.

Senator John Marchi, Chair of the Senate Finance Committee, has introduced legislation that calls for a comprehensive study of decentralization in New York City schools. It establishes an appropriate vehicle for the careful examination of this complex issue. Now is the time for its adoption.

Assembly Member Albert Vann, Chair of the Committee on Children and Families, has prepared a paper on improvement of the City schools. I bring this paper to your attention, because I believe it makes an important contribution to the comprehensive discussion of New York City education issues.

Reform of the school system must be from the top down as well as the bottom up. Clearly defined authority for the new Chancellor is essential. I am also convinced the Board of Education must be changed so that there is clearer responsibility for its functions and a fuller accountability to the people of the City.

I will offer for your consideration legislation to make the Mayor of the City of New York, already principally responsible for setting the funding level of the City school system, accountable for the appointment of a majority of the membership of the Board of Education. The Borough Presidents would continue to be represented, and the Chancellor would become a member of the Board.

The reconstituted Board of Education should review carefully Mr. Vann's paper and the proposals of the New York City Commission 2000 Report that focus on principals and teachers. The role and status of building principals should be enhanced. Good schools have strong educational leaders; the school principal is crucial to the success of each school. To suggest that the physical operation of the school should be subject not to the direction of the principal but rather to the sole discretion of the school custodian is ludicrous. In return for a new

enhancement of the principal's educational and administrative position, we should demand concomitant accountability. The Board of Education and the administrators of the schools should move quickly to arrive at a delineation of such new working relationships.

Teachers must be treated as the vital professionals they are. I will submit legislation to eliminate the New York City Board of Examiners, a venerable institution that has outlived its original purpose, which now duplicates protections already provided for all New York school districts.

Our efforts to enhance teachers' salaries through the Excellence in Teaching Program (EIT) produced demonstrable professional and financial gains for teachers in New York City, Rochester and other communities in their recently negotiated contracts. The creation of the Mentor-Intern Program and the related Teacher Center Program with financial support from the State gives experienced and well-qualified teachers opportunities to share professional knowledge and experience with colleagues.

I believe, however, that we must do more to attract talented minority students to the teaching profession. Thus, I will recommend that we provide additional funding for scholarships dedicated to minority students who are planning to teach in New York.

Support for Gifted Children

Much of our priority necessarily lies with children at risk, but we must be cognizant as well of the many children who need extra support to attain that level of excellence of which they are capable. New York State has a disproportionately high number of students who have earned recognition on various nationwide competitions such as the National Merit and Westinghouse Competitions, and we should build upon that strong but uncoordinated base.

I shall propose a change in the provision of aid for gifted students, and I will again submit legislation to create a residential High School of Excellence. The existing formula for gifted students should be put on an equalized basis and enriched so that substantial programs can be mounted at the school district level. Aid should be made available to BOCES for gifted student programs on a regional basis to achieve a variety of offerings and an economy of scale where appropriate. I will recommend creation of a Summer Institute of Science and Mathematics to identify and give special assistance to our brightest students in these fields. It will parallel our existing New York State

Summer School of the Arts. Finally, I will recommend the continuing phase-in of the Scholarships of Excellence Program, which provides \$2,000 per year to academically outstanding students who attend New York State colleges and universities.

Nutrition Education

The relationship between adequate nutrition and the child's abilities to learn is well established. Two years ago, I asked Matilda Cuomo to bring together the Departments of Health and Education with Cornell University's College of Human Ecology to review and revise the State's nutrition curricula. This ambitious undertaking is now approaching completion. For the first time, nutrition education curricula will be provided for grades K-12 in all public and nonpublic schools. Materials for grades K-8 are already available, and training is under way to ensure that teachers are fully prepared to use the new materials. The final component designed for grades 9-12 will be available to teachers this spring, and it will include materials on the needs of older adolescents, such as consumerism, budgeting, time and home management, menu planning and the relationship between health and fitness.

Child Welfare

We are all outraged by senseless deaths of children due to child abuse and maltreatment. As Honorary Chair of the Council on Children and Families, Matilda Cuomo is an effective volunteer and advocate for New York State's youth, and has developed a number of new initiatives on health education coordination, nutrition education, mentoring and child abuse prevention. As Co-Chair of the New York State Citizens Task Force on Child Abuse and Neglect, she emphasizes the importance of parent education and support services as a primary defense against child abuse and neglect. This year, the Task Force is collaborating with Health Commissioner Dr. David Axelrod and hospitals throughout the State in developing and implementing a pre- and post-natal parent education and community networking program that will offer new mothers support while they are still in the hospital and immediately thereafter in those first few months when the vital process of bonding between parent and child begins. In addition, my

Budget will include the creation of a New York State Parent Resource Center. It will promote the development of parent education and support programs and will serve as a clearinghouse for information on such programs and resource materials.

As we approach the tenth anniversary of the Child Welfare Reform Act, we need to review its accomplishments and failures, build on what we have learned, and set new goals for the Decade of the Child. To ensure that abused and neglected children and their families receive the services they need, I propose that State funding be increased to 75% for new or expanded protective service activities administered by social services districts and approved by the Department of Social Services. This increased funding will be available to local social service districts that meet the service standards developed by the Department of Social Services. I will also propose establishment of a Child Welfare Services Council, a professional and citizen oversight body to ensure public accountability for the more effective organization, delivery and quality of child welfare services. The Council will review State and local child welfare plans, as well as proposed agency rules and regulations relating to or affecting the delivery of social services to children.

Income Supports for Children and Families

We have made great progress in increasing child support collections in this State. Collections for families on public assistance have increased by more than 46% over the last five years. We have also made it easier for children not on public assistance to receive the support for which they are entitled. To build on these achievements, I will propose legislation authorizing the Department of Social Services to assume responsibility for many of the administrative activities of child support collections currently performed by the local districts. Centralizing these activities will not only enhance collections, but will also reduce their administrative cost. In addition, I will again propose legislation to establish, in statute, uniform child support guidelines. With the help of Members of the Assembly Oliver Koppell and Helene Weinstein, as well as other members of the Legislature, this proposal will make more equitable our State's child support system.

Last year, you joined me in supporting the passage of the Child Assurance Program, one of the recommendations of my Task Force on Poverty and Welfare. This demonstration project will test the

provision of a guaranteed minimum child support benefit as an alternative to public assistance. The minimum payment combined with part time employment will enable single mothers to escape poverty.

The Transition from Adolescence To Adulthood

Child welfare is not only concerned with younger children. We currently have almost 7,000 teenage youngsters in foster care. The transition to adulthood is a difficult time for any adolescent, and particularly so for foster children, who are often ill-prepared to live independent, self-sufficient lives. To assist these youngsters, a pilot project employing volunteers has been developed and put into operation by the Governor's Office for Voluntary Service. The demonstration programs include volunteers who teach independent living skills and provide job readiness training, while serving as mentors and role models to these young people to prepare them for the world of work and living on their own. I am directing the Office to expand this program to other areas of the State in order to give more foster care youth the advantage of this successful program.

I have also instructed the Department of Social Services, working with New York City's Human Resources Administration, the U.S. Department of Labor, and Interface Incorporated, to submit to me a plan for a demonstration project based on the successful Job Corps approach. This project will provide adolescents in foster care with the skills necessary to make a successful adjustment to community life.

Health and Mental Health

The Special Problems of Children and AIDS

There is no greater tragedy than the birth of a child condemned to death, yet estimates indicate 1,000 infants will be born with the AIDS virus in 1988. In August of this past year, I announced a number of expanded initiatives to address the tragedy of the AIDS epidemic. The initial results of the prevalence studies have only served to heighten our sense of urgency and to focus dramatically upon our most vulnerable populations. Results on the first 11,000 newborn blood specimens demonstrate an alarming statewide HIV seroprevalence rate of almost 1% among women of childbearing age.

The data suggest that there has been serious under-reporting of infected infants and/or there is a significantly longer incubation period

for the production of AIDS than has been previously estimated. A large proportion of these at-risk infants (some 1/3 to 2/3 of whom will be infected) are being born to infected mothers who are intravenous drug abusers themselves or whose sexual partners are infected drug abusers.

Providing children with AIDS with the special services they need is among the greatest challenges we face. Many of these children, like other AIDS patients, do not require constant acute hospital care. A significant number of children with AIDS are from troubled families that often are unable to care for sick children.

In developing services for children with AIDS, we must begin with the same basic goal applicable to all of child welfare: to keep children with their families to the extent possible, and, if out-of-the-home placement is necessary, that it be in the least restrictive setting. To ensure the availability of a range of services for families touched by AIDS, the Department of Social Services will implement several regulatory actions:

- all HIV positive children and their families, including families where a parent has AIDS, will be eligible for mandated preventive and treatment services designed to preclude the necessity of placing a child outside the home. Core services will be expanded to include respite services for children in their own homes and in foster care;
- outreach and case finding will be mandated as additional preventive services for these families;
- additional support for start-up costs will be provided to new agencies willing to provide preventive services to families with members who have AIDS;
- additional reimbursement will be available for foster parents and homes caring for children with AIDS;
- training in understanding AIDS will be developed for foster parents, and we will initiate a foster family recruitment campaign focused on this population;
- program standards will be developed for very small, nurturing group facilities for infants who have AIDS or AIDS Related Complex.

Mental Illness Among Children

Serious mental illness inevitably disrupts the lives of both the individuals who are ill and their families. This disruption is painful

for an adult, but when it affects a child who is still developing a personality and acquiring an education, the impact is especially severe. Untreated, it can result in permanent deficits in emotional development and skills.

Ensuring that mentally ill children have access to the services they need poses a complex problem. The Interagency Task Force on Children that I have recently appointed will provide valuable guidance on an appropriate long term strategy; its recommendations will play a major role in our plans for the next decade to expand services to children who are mentally ill. However, the immediate needs are too great to defer all action until its work is complete. I will propose that we include up to 500 children in our intensive case management initiative and supplement the Family Support Services Program so that more families have access to respite and other assistance they need. In addition to these 100% State-funded programs, we will make funds available to counties to expand services to these severely ill children. With appropriate clinical services and greater access to respite care, more families will be able to keep children with mental illness at home.

Just as most adults who are mentally ill belong in the community, most mentally ill children should stay in their homes and schools. Unfortunately, this is not possible in all cases. We must assure that appropriate residential placements are available for these families. The long waiting lists that families must face after a recommendation by a Committee on Special Education or a mental health professional are not acceptable. Children, especially adolescents, should have an opportunity to live in community residences that meet their special needs. Therefore, I will recommend that the Office of Mental Health (OMH) adapt the funding mechanisms already in place for adult community residences to provide a similar level of care for children.

There should also be room for these children in residential schools and foster care when those placements make sense. This can only happen if we find a way to allow these child care systems to grow. As a first step, my Interagency Task Force on Children will work with Education Commissioner Thomas Sobol and Social Services Commissioner Cesar Perales to assess the capital facility needs of, and prepare a five-year capital plan for, the residential schools, Special Act schools and foster care system. It will also develop recommendations to improve access to capital financing.

Children and Alcohol and Drugs

Destructive use of alcohol and drugs is a threat to everyone, but especially to young people. Recognizing that large numbers of boys and girls are likely to experiment with both alcohol and drugs, and that it is the addictive behavior and not the particular addiction which is the most important consideration in effective treatment, the Division of Alcoholism and Alcohol Abuse and the Division of Substance Abuse Services have been developing treatment programs for young people which stress chemical dependence rather than a specific addiction. Similarly, their prevention efforts deal with both alcohol and drugs.

The time has now come to take this cooperative effort a step further and join the two agencies. I will propose legislation to do so. Initially, this will mean consolidation of prevention efforts. Over time it will mean greater compatibility in regulations and licensing requirements in order to simplify relationships with provider agencies which, in most cases, treat individuals who abuse both alcohol and drugs. It will also involve a reassessment of local assistance funding mechanisms, with a view toward eliminating the inequities in the way we fund alcoholism versus substance programs. In achieving this administrative streamlining, we will not, however, be seeking a totally homogenized treatment system. Rather, we will seek to preserve the diversity of types of treatment which is one of the strengths of our current two-agency approach.

Juvenile Justice

Little hard data exist on the way the juvenile justice system functions throughout New York State. Because Family Court proceedings are generally closed to the public, and records are governed by tight confidentiality rules, reliable information is difficult to come by; consequently, anecdotal experiences form the basis of most views of Family Court practices and most evaluations of whether those practices are sound. This is an extraordinarily shaky foundation for executive, judicial and legislative policy makers to use in monitoring the juvenile justice system and setting its policies and goals.

Chief Judge Wachtler expressed similar concerns when he recently announced the formation of the Permanent Judicial Commission on Justice for Children. We intend to complement and assist the work of that commission by securing the much-needed data. We will conduct

an in-depth study of the juvenile justice system, including an examination of dispositional practices, plea bargaining, use of restrictive placement, use of detention and availability of treatment services. Coupled with the work of the Chief Judge's commission, the study will form the basis for future legislative and programmatic initiatives.

ECONOMIC DEVELOPMENT AND WORK FORCE INVESTMENT

The "twin deficits" in the federal budget and trade balance, the continuing problem of Third World debt, the need for coordinated international policies to stimulate worldwide growth, the importance of improving living standards abroad, and the continuing problems faced by our major industries are issues that are national and global in scope and will require national and global solutions. To address these issues, nearly a year ago I called for creation of a bipartisan National Economic Commission at the federal level to ensure the nation's future economic stability. That commission has recently been enacted into law thanks to the work of our own Senator Pat Moynihan and Representative Tom Downey. While the Commission is concerned primarily with national and global matters, we can capitalize on its work here in New York and craft creative programs and policies that help in the national search for ways to achieve a truly competitive economy with opportunity for all. I will ask the Council on Fiscal and Economic Priorities and the Industrial Cooperation Council to coordinate this effort with Vincent Tese, Director of Economic Development.

The Economy and Competitiveness

Continuing cooperation with the State's private sector will be essential if we are to improve our competitiveness. A healthy private sector is the cornerstone of a strong New York economy, one that can provide jobs and opportunities to all of our residents capable of working. During my time as Governor, I have been gratified by the active participation and cooperation of the State's business leaders, especially the Business Council of New York State and the New York City Partnership. As Ray Schuler steps down from the Council's leadership and hands over the reins to Dan Walsh, I want to take this opportunity to thank Ray, on behalf of all New Yorkers, for the leadership he has provided and congratulate the Council for its wisdom in choosing Dan Walsh to carry Ray's work forward.

In recent years, we have taken several steps in New York to craft new, truly competitive economic policies. Working with the Legislature and business community, we have reorganized our economic development efforts, creating a more efficient and effective system

for State policies and creating the new Strategic Resurgence Fund last year as part of the sweeping Omnibus Economic Development Act. We have cut taxes and we have made sensible efforts at regulatory reform.

To improve significantly our competitiveness, we will need to involve the entire society and labor force. We cannot, and will not, purchase prosperity by excluding people from economic benefits. True competitiveness means assisting those industries, geographic areas, and parts of the work force that have not shared fully in our economic resurgence. In the coming year, we will continue to strengthen our efforts to support minority and women-owned businesses by helping entrepreneurs from these groups create new businesses and jobs. We will continue our assistance to troubled industries by providing help through our new Industrial Effectiveness Program, pilot efforts to increase exports, better education and training, and new efforts in labor/management cooperation.

Our technology programs help existing industries become more competitive and can provide the basis for the emergence of entire new industries. Like many of our other efforts, they emphasize the importance of public-private partnerships. The Centers for Advanced Technology (CATs) program encourages partnerships between our world-class research universities and academic health science centers and the private sector. We have also made strong proposals in nationwide competitions to attract two significant scientific projects: Sematech, a state-of-the-art facility to provide national leadership in research for semiconductor manufacturing; and the Superconducting Super Collider (SSC), a \$4.4 billion particle accelerator, the largest and most advanced in the world, to provide global leadership in atomic and particle physics research. With our recent nomination by a blue-ribbon panel of the National Academies of Sciences and Engineering for designation by the Department of Energy as one of the finalists for the SSC project, it is important that local governments be assured that they will not suffer tax losses during the early years of the project. I will submit legislation to protect local governments from losing these tax revenues.

Investing in the Work Force

We took bold steps last year to continue the steady improvement in the State's economy. As described throughout this message, much more is planned for the coming year. However, we must not lose sight

of the fact that our most important asset in improving the economic stature of New York is our diverse and productive work force — the skilled and motivated people of New York who can do any job, staff any enterprise.

Like all of the valuable resources that New York offers those doing business here, the work force requires careful maintenance and strategic investment for it to remain the rich and versatile resource that it is today. This means that we must assure workers a safe and secure work environment and the opportunity to make the most of their abilities while earning a living wage.

Minimum Wage

We should guarantee workers a living wage that fairly compensates them and recognizes their contribution to our economy. The current New York minimum wage fails to do that. A minimum wage worker supporting one or more family members makes less than the poverty level, and often qualifies for supplemental welfare benefits. The \$3.35 minimum wage was implemented in 1981. Since then, the cost of living has increased by more than 31%. I am, therefore, proposing legislation to increase the minimum wage to \$3.75 per hour, effective August 1, 1988, a level generally in line with that of our neighboring states.

Unemployment Insurance

We should recognize the needs of those who, through no fault of their own, are temporarily out of work. To allow workers to support themselves while they seek other work, our unemployment insurance benefit was designed to provide a maximum benefit equal to 50% of the average weekly wage paid in the State. Because the maximum benefit amount has remained the same since 1984, this ratio has dropped to 40% of the average wage. In terms of replacement value, New York's maximum benefit rate ranks 47th among the states and territories. This is unacceptable for a State where the unemployment insurance reserve ranks second in the nation.

The improved financial condition of the unemployment insurance fund will again result in a lowering of tax rates in 1988 for New York's employers. During the last four years, the size of the unemployment insurance fund has doubled from \$1.3 billion to \$2.6 billion. This year's rate reduction will be the third in the past four years, amounting to a cumulative tax savings of \$550 million for the State's employers.

Despite the fiscal health of the fund, the maximum weekly benefit payable to an unemployed worker has remained at \$180 despite continual increases in day-to-day living expenses. I therefore propose that the maximum benefit be increased to \$230 in September of this year.

Workers' Compensation

Similarly, we must respond to the needs of those workers who are injured or disabled in the work place. Last year I proposed a major structural reform of the Workers' Compensation system, based on the findings of the Temporary State Commission on Workers' Compensation and Disability Benefits. While these recommendations merit careful scrutiny, it is clear that we must not delay adjusting workers' compensation benefits — which have not been addressed by the Legislature since 1983 — to more just levels. I will, therefore, propose legislation not only to increase this rate, but also to begin to eliminate the major disparity between the maximum benefit rate for total disability and for partial disability, a disparity which engenders unnecessary litigation and which delays rehabilitation. Concurrently, we will direct our attention to those administrative steps we can take to make the claims and recovery system operate more smoothly and expeditiously.

Child Labor, Safety and Health

As we support and invest in our work force and our economy, we will also continue to protect our workers, especially those who, due to their youth or other special circumstances, are particularly vulnerable. Of special concern is the status of the State's child labor laws and our safety and health standards. While our child labor laws have served us well, they have not been reviewed or updated in over ten years. For this reason, I am directing Commissioner of Labor Tom Hartnett to review the existing law, investigate situations where minors are frequently employed, and suggest changes to bring the law in line with current trends.

To assess the impact of rapid advances in science and technology on work place safety and health standards, I will direct the Commissioner to assemble a blue-ribbon panel of experts in the safety and health fields, and representatives from business, labor and the general public, to study the current standards and recommend necessary changes. Several State safety and health standards have not

been updated for many years, including the elevator, public assembly and boiler safety codes.

The Garment Industry

This State is justly proud of its reputation as the center of the nation's fashion industry. The many legitimate garment manufacturers and the thousands of skilled men and women who work for them are an important part of this State's economy. However, in recent years we have seen the proliferation of hundreds of illegally operated "sweatshops" in New York. Not only do they subject thousands of workers daily to conditions of labor which deprive them of basic worker protections, but they compete unfairly with legitimate manufacturers. Exploitive employers habitually disregard labor laws, including those governing the minimum wage, Unemployment Insurance and Worker's Compensation benefits, child labor and industrial homework, and they consistently violate safety, health and fire laws and regulations.

In response to this problem, we established the Garment Industry Enforcement Unit within the Department of Labor and launched a campaign to ferret out and pursue these violators of the Labor Law. The success of this unit in uncovering violations provides ample justification to extend and increase the State's efforts to protect employees and legitimate employers from unscrupulous segments of the industry.

The Budget that I will submit to the Legislature provides for a significant increase in staff to aid these enforcement efforts. I will also seek legislation to give the State additional enforcement authority, including injunctive power and civil and criminal sanctions against persons who knowingly aid and abet violators of the law. We will seek regional cooperative agreements with neighboring states to prevent the reestablishment in these states of illegal operators driven out of New York.

We must not concentrate all our efforts in this area on law enforcement alone. We must take measured but creative steps to support the growth of our legitimate garment industry through programs of employer assistance and economic development. The Departments of Labor and Economic Development will work with representatives of industry and labor to develop and implement programs which will ensure the continued vitality of this industry and preserve its place in our economic future.

The Key Role of Job Training

The key to New York's economic growth is the education and skills of our workers. Our competitive advantage is the productivity of our people. Unfortunately, we are not making the most of that resource, because many New Yorkers have not received basic employment training. Still others must upgrade or update their skills.

The Employment Preparation Education Program that I proposed teaches basic reading and writing skills to the functionally illiterate. This program now serves approximately 150,000 individuals, a major increase in clients since the program started just three years ago. My Budget will contain additional funds to sustain this growth.

We have an impressive array of programs to enhance the skills of our labor force. Last year, we spent over \$220 million to provide job training and education to almost half a million New Yorkers. But that impressive array of programs can also be a confusing bureaucratic maze both for businesses that need trained workers, and people who want a chance to work.

We need to improve coordination between the various agencies, and in some cases to simplify or unify programs. I have appointed Lieutenant Governor Stan Lundine as vice chair of the Job Training Partnership Council (JTPC), and I will propose a program that enhances the operation of the Council, improves the coordination of all State employment training programs, and develops one-stop shopping for job training. To develop a streamlined service delivery system, the JTPC will be brought into a closer working relationship with the Department of Economic Development, the agency designated to coordinate policy development, and the Department of Labor, the agency designated as the administrator of the Job Training Partnership Act programs.

Our goal will be to provide a system in which any person — whether a student, dropout, welfare recipient, or unemployed steel worker — will be able to walk into one of our offices and receive the job training, counselling or placement services that he or she needs. Businesses in search of qualified workers or wishing to upgrade the skills of their employees will be able to turn to one place, where the proper program will be identified without unnecessary red tape.

A changing global economy can mean more disruption at home and more workers subjected to the threat of dislocation. We should encourage the progress of economic change, but at the same time we

must ensure that effective programs are in place to assist those workers who are the victims of rapid economic and technological change. Federal assistance in this area has been inadequate, and the Congress is now debating possible changes and expansions in federal efforts for dislocated workers. I have asked Vincent Tese, the Director of Economic Development, to chair a group of senior State officials, including the Commissioner of Labor, the Job Training Partnership Council and the Industrial Cooperation Council, to reexamine New York's current efforts to aid dislocated workers and suggest innovative and constructive changes in our State's policies. This review will include necessary legislative changes in the State's Occupational Retraining and Reemployment Act (ORRA), that was enacted in a different economic environment.

I am also asking the Department of Labor to establish a team of direct service personnel to respond immediately whenever an employer has closed a worksite or has had a mass layoff of workers. This team will operate out of a single site, model Worker Assistance Center that will be located in the Utica area, an area with a high level of dislocated workers who have no identified service provider. This center will be a joint public and private sector initiative that will be co-chaired by Ed Cleary, the President of the New York State AFL-CIO, and the Commissioner of Labor.

Labor/Management Cooperation

To achieve their common goals, both labor and management have a vital interest in making New York industry more competitive. Labor-management cooperation is a proven way of increasing productivity and improving product quality. It can also lead to higher wages, better working conditions and steadier and more rewarding jobs.

New York State has been a national leader in fostering labor-management cooperation, but we have only begun to tap our full potential. This year, building on the work of the Industrial Cooperation Council and the Department of Labor, we shall develop a more comprehensive effort to promote labor/management cooperation in the private sector. In this effort, we will pursue the feasibility of creating innovative labor/management cooperative models, develop a labor/management center to design and implement the models, provide a broad array of operational and support services, and outreach to businesses, particularly small business. The implementation of the historic New York Compact will also be the major focus of our efforts.

Tourism

Tourism deserves special mention as one of the State's largest industries. Its size and composition provide opportunities for significant economic development efforts. This past year, as a result of the continued excellence of the "I Love New York" program, we built upon the momentum of the Statue of Liberty Centennial to achieve record levels of interest in New York State as a year-round vacation destination.

As with our other economic development efforts, we are taking a strategic approach to tourism, including a comprehensive review of State policy through the Tourism Master Plan and a series of public hearings around the State, enhancement of our advertising dollars, and more intensive research on tourism issues.

Although the "I Love New York" campaign has been highly successful and effective, we need to do more than promote attributes of the State. We should develop and enhance the product itself. Because existing State finance programs generally exclude retail business and thereby most tourism businesses, there is a need to provide more investment incentives for tourism, both to local and regional governments and to private business firms.

In response, I will propose increased funding for the Regional Economic Development Partnership Program to capitalize a Tourism Development Assistance Program that would provide low-cost financial assistance primarily for rural tourism facilities and related infrastructure development, thereby enhancing an area's image as a tourism destination. In addition, a complementary tourism industry loan program will utilize the resources and expertise of the New York Business Development Corporation as a mechanism to provide loans for tourism investment and development.

Financial Services

Recent economic shocks have created concern about a number of industries, but perhaps the most significant concerns focus around the financial services industry. New York is the world leader in this industry; it is a key source of jobs, economic activity, and financing for our economy. The State is studying the industry, assisted by an Advisory Panel on Financial Services made up of industry leaders, scholars, and public policy experts. This spring, we will be holding several seminars on key issues facing the financial services industry, leading to a final report later in the year. That report should shed

considerable light on the industry's needs and prospects, and will be an important part of our strategic planning to keep the industry healthy and growing.

Economic Development Zones

To assist economically-distressed regions, last year we designated the first ten Economic Development Zones around the State. These zones are located in the Bronx, Brooklyn, Gloversville, Islip, Lackawanna, Ogdensburg, Olean/Allegany, Queens, Syracuse, and Troy. The second designation round is proceeding on schedule, and we expect to designate another nine zones this year. Companies that locate or expand in Economic Development Zones may be eligible for a comprehensive package of special State and local financial incentives and technical assistance, including wage, investment and sales tax credits, reduced utility costs, and assistance for minority and women entrepreneurs. The zones program encourages local communities to craft creative policies in cooperation with their private businesses to aid economic revitalization. It is an excellent example of our approach to economic development: encouraging partnerships among government, labor, businesses, and communities, providing State assistance where it is needed.

Regional and Local Economic Policy

I will recommend a new initiative to make the State a partner with local government and private enterprise in revitalizing the central business districts of our cities, boroughs and other communities in New York. These commercial areas are the front door to the communities of this state. Their success affects all other development in our communities. I will propose a competitive grant system designed to attract private capital to the central city areas where this investment contributes significantly to the character of the community.

Waterfront development provides myriad opportunities for recreation and economic growth if it is done sensibly and strategically, shaping each development to meet the needs of the community in which it is located. This potential exists for the Buffalo area waterfront, and in the coming year we will work with Erie County and the City of Buffalo to facilitate this project.

To continue the momentum of economic revitalization in Harlem, in the coming year I will pursue, with the help of Representative Charles Rangel, the Harlem International Trade Center Project. Over

the past year, federal, State, and local entities have been working together to leverage maximum private participation in the development of the trade center. Our collective efforts should result in the development of a multiuse complex dedicated to the promotion and furtherance of international trade, particularly among the developing nations of the Caribbean basin, Africa and Latin America. The success of this project will reinforce the extensive economic activity already taking place in Harlem and contribute to the renewed vigor within the community.

One important element of more effective regional and State policies is collecting economic information and providing greater university-based economic analysis and strategic planning support for our regions and the State. Several institutions, including the Center for Regional Studies at SUNY-Buffalo, the Urban Research Center at New York University, the Economic Research Bureau at SUNY-Stony Brook, the Urban and Regional Planning Department at Cornell, and the North Country Economic Research Center at SUNY-Potsdam, have contributed significantly to our strategic planning and economic analysis efforts. We need to develop a permanent program of support for such efforts, and I have directed the Department of Economic Development, through its new Advisory Council on Economic Information and Research and in close cooperation with the State University of New York and the Department of Labor, to make recommendations for such a program.

Minority and Women Business Development

One of our greatest resources for future economic growth lies within the unused energy and talent of the State's community of women and minority entrepreneurs. Investments by State government in helping minority and women owned businesses to become full partners in our economy will have long-term benefits, not only for individual entrepreneurs but for neighborhoods, regions, and the State as well. With the Legislature's leadership and approval, we have established as part of the Omnibus Economic Development Act a new Entrepreneurship Assistance Program within the Department of Economic Development. It will support several regional technical assistance centers for young MWBEs and provide classroom training to those seeking to establish new businesses. Our Economic Development Zones Program will make grants for technical assistance to MWBEs in the zones. The State has several other efforts under

way, including: a strong minority revolving loan fund at the Urban Development Corporation, a special program to target assistance to statecertified MWBEs, and a program to use the Defense Department's new five percent set-aside program on behalf of minority and women contractors. We will also create a new State procurement newsletter which will announce projected State contracts for goods and services and will facilitate State agency purchasing from small, minority, and women-owned businesses.

To promote further the growth and development of our minority and women-owned business, we must ensure that they are afforded equal opportunities to enjoy the benefits of public contracts. Last year, I submitted a bill for your consideration that would ensure equal access and promote public contracting opportunities for these entrepreneurs on a statewide basis. I continue to believe such an approach has considerable administrative advantages over the existing ad hoc statutory framework, and look forward to working with you to achieve enactment of the bill this year.

Veterans Bill of Employment Rights

Our veterans have a right to expect every opportunity for full participation within our society and economy. It is very clear, however, that no factor is more critical than the attainment of full and productive employment.

The Department of Labor will issue shortly the New York State Veterans "Bill of Employment Rights." This is New York's commitment to the proposition that each and every veteran has certain rights when seeking a job, or training that will lead to a job, with any employer in New York State. We will use the Department of Labor's existing network of local offices throughout the State to accomplish this goal.

New York State as an Employer

As an employer, the State must ensure that its agencies have an adequate supply of workers and managers with the proper skills to provide high quality agency services. A long-term, comprehensive work force planning strategy is necessary for the effective recruitment, retention and deployment of our employees. Particular efforts will be made to integrate women and minorities more fully into the State work force and to make it more representative of our state's diversity of talent. The Office for Hispanic Affairs' Challenges and

Opportunities Project, which recruits qualified candidates from the community and from colleges and universities, is but one example of how we can encourage more minorities to choose careers in public service. In the year ahead, the President of the Civil Service Commission will lead an interagency project to develop our employment strategy, with the Governor's Office of Employee Relations consulting with the State's public employee unions.

The skills needed by the more than one million dedicated public workers in New York are changing just as rapidly as those in the private sector. Our experience with apprenticeship programs convinces me that they can provide all levels of government with skilled workers to serve the public. The Commissioner of Labor is working closely with the President of the Civil Service Commission, the Commissioner of Education, and the Director of the Governor's Office of Employee Relations to broaden the use of apprenticeship programs in public sector employment. In cooperation with State and local government employers and public employee unions, apprenticeship training can support in-service public sector recruitment and affirmative action efforts, retraining and educational efforts by filling occupations through targeted training.

Our retirees are an underutilized resource. They possess the willingness and capacity to provide insightful leadership and knowledge to State agencies. We have already initiated, in cooperation with the public employee unions, a pilot employment program in which qualified retirees can participate in public service on a part-time, temporary basis to fulfill service needs. We will also implement a State Retiree Fellowship program for retired senior executives.

The New York State Voluntary Service Corps

Another resource is our volunteers. In both the public and private sectors, New York's citizen volunteers ease the burdens of people who are aged, homeless, abused and neglected, trapped in the cycle of poverty, and others who simply need assistance. Their enlightened compassion and dedication make an immensely valuable contribution to our Family of New York.

Although volunteerism is an important activity for nearly half of the American people and the number of hours devoted to voluntary service is increasing, volunteer participation among young adults is declining. This is disturbing, because it suggests that the parents of tomorrow's citizens are losing sight of our tradition of concern for

our neighbors. We must foster in our children an active commitment to helping others. Young people who participate in community activities find that their lives are enriched as they provide service to others. Our societal consensus that an individual owes something to his community in return for his enjoyment of freedom and liberty is a shared commitment to the importance of subordinating private goals to the good of the whole — what we have called "family."

To encourage volunteerism, particularly among young people, I have directed the Governor's Office for Voluntary Service to launch the New York State Voluntary Service Corps. We will place initial emphasis on recruiting college students, offering them the possibility of earning academic credit. The purposes to which their energies can be directed are many: developing sports programs for young people with disabilities, tutoring in after-school programs, visiting patients in nursing homes, helping migrant families with child care, working with AIDS patients, providing respite care. The list is endless. To be developed first with the State University of New York, where several campuses already have admirable volunteer programs, the program will help round out the undergraduate's education, build a lifetime commitment to community service, and introduce students to career opportunities with the State and other service providers.

The Office of Rehabilitation Services

With a shrinking labor pool, the need to remove entry barriers to the work force becomes increasingly important. New Yorkers with disabilities have talents that can and must be harnessed, not only for their benefit but for that of the entire State. To remove these barriers as effectively as possible and to respond to the legitimate demands of persons with disabilities throughout the State, we must provide services to these individuals in a coordinated, accountable fashion. I will, therefore, renew my call for legislation establishing an Office of Rehabilitation Services.

Task Force on Technology and Disabilities

The growth in scientific knowledge and technological capabilities over the past several decades has been exponential. Much that is new has great potential for productivity in the work place. We should ensure that the mechanisms exist to apply this new knowledge where it is needed, and to communicate the availability of new devices to people with disabilities and to the professionals who work with them.

I appointed the Task Force on Technology and Disabilities in May 1987, and asked it to give me its recommendations on the best ways to harness technology to enhance mobility and secure economic independence for individuals with disabilities. While we will need additional time to study all of its initial findings and recommendations in depth, I recommend that we take several steps immediately. I have directed the Science and Technology Foundation to undertake a competitive grant program to encourage private firms to develop and market innovative products for persons with disabilities. To complement this effort, the Department of Health will establish a Center for Rehabilitation Technology. This Center will provide a central location where individuals in need of adaptive technology can interact with scientists possessing the skills to design and produce adaptive devices. The CRT will also be responsible for educating rehabilitation professionals, consumers, and private firms about technological advances.

I have also directed the Office of the Advocate for the Disabled to begin a needs assessment. This will be the first step in the design of an integrated and consumer-oriented central information system to make widely available current data in the area of disability technology. Finally, I will also establish a Governor's Award for Technology and Disabilities, to recognize recently developed innovations and to encourage researchers who show great promise in the field of rehabilitation engineering.

The Special Concerns of Health-Related Institutions

Virtually all plans for the improvement of current and future programs depend on the availability of a trained and motivated work force. Even for those areas where no major expansion is planned, we must be assured of a steady stream of new workers to replace those who retire, or leave a field of employment for other reasons. For agencies such as the Office of Mental Health (OMH) and the Office of Mental Retardation and Developmental Disabilities (OMRDD), which are planning a major expansion in the number of individuals receiving care and treatment, the problem is even more acute. Moreover, the problem is not unique to government. The private sector organizations we rely on to provide child care and medical care, for instance, also anticipate acute labor shortages in the next decade.

There is a severe shortage of certain health care professionals,

especially nurses. There is no simple solution. The reasons for the shortages are numerous and complex, and include demographic changes as well as continued growth in demand for services.

Three years ago we established a State Health Services Corps to provide scholarships and grants for individuals willing to serve in certain State agencies after receiving their training; last year we extended the program to future employees of private not-for-profit agencies. A total of 367 scholarships have been awarded, and over 100 recipients will have been placed by year's end at facilities with critical staffing shortages. The Corps has been a valuable tool, and we will again increase funding for this effort.

While OMH and OMRDD share many of the problems common to the entire human services work force, they also have special needs that require immediate action. Both agencies depend on a network of voluntary agencies to develop and operate community services. These agencies have experienced considerable difficulty recruiting and retaining workers. Last year we began to address this problem by including salary enhancements for workers in voluntary agency residential programs supported by the OMH and OMRDD budgets. I now recommend that we provide similar salary up-grades to workers in OMRDD's voluntary agency operated day treatment programs. We will also provide funds to bring salaries for direct care workers in OMH voluntary agency residential programs into parity with similar positions in privately operated programs licensed by OMRDD. Salary increases are clearly needed if we are to compete in today's labor market. However, it is equally clear that staffing problems cannot be resolved by pay increases alone. Better management, including career development and regular training, is also critical. Consequently, salary increases must be tied to agency commitment to necessary managerial changes.

The OMH has both a critical shortage of nurses and a need for special skills to deal with its patients. Therefore, I am directing OMH to provide special training necessary to up-grade current employees who have a demonstrated commitment to working with mentally ill patients. The OMH Budget will include funds to purchase courses leading to nursing credentials from community colleges and other educational institutions, and we will work closely with the public employee unions to assure that employees will have time to attend the courses.

PARTNERSHIP IN SOLID WASTE MANAGEMENT

The dismal voyage of the infamous waste disposal barge, *Mobro*, provided an unpleasant reminder for New Yorkers and the nation that a solid waste management crisis confronts us all.

I am confident that we can rise to this new challenge. In their support for programs for clean water and air and for the safe handling and disposal of hazardous materials, New Yorkers have demonstrated their constant concern for the fragile biosphere in which we live. Solid waste management will be the next chapter in New York's continuing enhancement and protection of the environment. To succeed, I believe the State must take a new and more aggressive role. We must forge a vigorous partnership with federal and local governments, the public sector with the private sector — and recognize that we must all be part of any intelligent solution.

We must resist the inclination to pursue quick fixes or superficial solutions that only exacerbate our problems in the long run. We must also resist the politically popular temptation simply to throw more money at the problem, as some have already proposed. We must join together, Democrats and Republicans, at all levels of government to develop environmentally sound and fiscally prudent programs that address all aspects of solid waste management.

An Integrated Strategy

The State will assume a more aggressive role. The State Solid Waste Management Plan prepared by the Department of Environmental Conservation properly identifies what I believe to be the principal elements of a comprehensive, integrated strategy for solid waste management. The plan reflects an intelligent hierarchy of management practices: waste reduction, recycling and reuse, incineration and landfilling. We must become accustomed to thinking of these four strategies together. For the foreseeable future, reliance on any single method alone is neither feasible nor prudent.

Source Separation and Recycling

Waste reduction, reuse and recycling are essential components of any comprehensive waste management program. Under the leadership of Assembly Member Maurice Hinchey, the Legislative

Commission on Solid Waste Management has been in the forefront nationally in advocating the implementation of source separation, waste reduction and recycling programs by state and local government. These programs serve the inherently logical goal of reducing the size of the waste stream, thereby reducing the size of the solid waste problem that the remaining management strategies must address. Accordingly, I shall propose legislation to accelerate the introduction of source separation programs by municipalities statewide.

State government should lead the way in this effort. Last year, I proposed and the Legislature adopted legislation to encourage the use of recycled paper for State printing. In the year ahead, we will implement programs for source separation and collection of recyclable paper, packing materials and other appropriate recyclable materials by all State departments. I will seek legislation to extend this program to State authorities and corporations. State correction facilities will give particular attention to the manufacture of products with recycled materials. We will also finance a limited number of municipal regional demonstration projects for the collection and recycling of recyclable materials and products. Regulations for the composting of organic matter will be promulgated to assist municipalities and the State's important agricultural industry in developing this environmentally acceptable and beneficial management tool.

Package Labeling

Absent federal action, I am prepared to consider a labeling requirement for consumer products sold in New York. Sustainable and durable recycling programs must be convenient for consumers. Information regarding the material composition, recycling capability and preferred waste disposal practice for consumer products would greatly facilitate recycling. I have directed the Department of Environmental Conservation, in cooperation with the Consumer Protection Board and the Department of Economic Development, to report to me by September 15 their recommendations regarding the feasibility of implementing such a program, focusing initially on plastics, and, if appropriate, any legislation to implement these recommendations.

Development of Secondary Materials Industry

The separation of reusable materials from the waste stream must also be accompanied by programs to encourage the return of these

materials to a productive use. State and local governments will undertake far-reaching new programs to implement and promote recycling. These programs will not be fully successful in any significant measure until we also deal effectively with the market demands of the private sector. The structure and organization of many classes of industry are based solely upon the use of new, rather than recycled or secondary, materials. To attack the problem of solid waste, at least in part, by recycling, we need to increase the probability that a large quantity of materials from our municipal waste stream will reenter commerce.

I shall propose legislation to authorize the State, acting through the Environmental Facilities Corporation (EFC), to establish a waste exchange program for recyclable materials on behalf of State agencies, municipalities and regional recycling agencies. The Corporation would be better informed than many local governments and State agencies about the availability of waste materials, buyers' quality requirements, prices, transportation arrangements and rates, and emerging market developments. Its services would assist in reducing the risk that secondary materials will stockpile to unmanageable proportions without finding market outlets.

We will also continue the effort, begun last year in a modest way, to target a small portion of petroleum overcharge funds for the development of secondary materials programs within DEC and the Department of Economic Development. I compliment the Legislature, and particularly Senator Joseph Bruno, for creativity on this initiative. I urge you to join with me this year in mounting a strong effort to promote a secondary materials industry in New York and build an industrial base which uses materials from our recycling stockpile as assets in remanufacturing.

Wherever possible, we will utilize the State's economic development financing tools to encourage the operation of secondary materials manufacturing facilities in New York. I shall propose that the Job Development Authority target loans in the coming year for either new business development or the expansion of firms using secondary materials originating in New York. I shall request funds for the Department of Economic Development to leverage major business development for manufacturers who would commit to taking significant quantities of New York's municipal waste stream.

Solid waste management provides an excellent opportunity for

a constructive partnership between industry and government. The Business Council and DEC will co-sponsor a major conference this spring, which will focus upon waste reduction strategies and techniques.

A key objective of our solid waste strategy should be the reduction in the amount of unnecessary packaging that we produce. From fast-food restaurants to supermarkets to department stores, we produce too much packaging that provides minimal benefits for consumers while exacerbating our solid waste disposal problem. I am directing the Department of Environmental Conservation and the Consumer Protection Board to spearhead a cooperative public/private sector effort to reduce the amount of packaging that we produce. We will need the cooperation of both consumers and businesses, but this can and must be done.

Producing a Manageable Waste Stream

Besides reducing the amount of waste we generate, it is equally important to remove from the waste stream materials which contaminate it and frustrate other management strategies. I shall propose legislation to facilitate the development by municipalities of a statewide program of household hazardous waste separation and collection. I shall also request funds to undertake a feasibility study of possible State financing, construction and operation of a waste oil recycling demonstration facility for Southeastern New York, including the possibility of a joint venture with private industry.

In addition, I have directed State Environmental Commissioner Thomas Jorling to work with business leaders to develop programs that would remove from the waste stream products, such as batteries and tires, which, because of their composition or character, are incompatible with progressive solid waste management practices.

The chemical components of certain products in widespread commerce, such as the lead in newsprint, are very difficult to manage in the solid waste stream. Where alternatives exist for such chemical components, the State will petition the federal Environmental Protection Agency to use its authority under the Toxic Substances Control Act to regulate the chemical composition of such products. In many cases, this will be the most cost effective solution to some of our most difficult solid waste problems.

State Leadership and Regulatory Responsibility

Successful source reduction, recycling and reuse will leave a diminished but substantial waste stream to be addressed by the remaining management strategies. To foster the implementation of these strategies, the State has the affirmative obligation to regulate solid waste disposal facilities in a consistent, responsive and coherent manner. We must inject greater certainty and clarity in this regulatory process. Without a common understanding of the rules of the game — rules which have the force of law — municipalities are in a regulatory limbo. The public must know that disposal facilities will not endanger public health or the environment. To that end, DEC will finalize by August 31 comprehensive regulations for the siting, design, construction and operation of landfills; regulations establishing operating and emission performance requirements for waste to energy facilities and hospital incinerators; and standards governing the safe handling, disposal and reutilization of ash residue from such facilities.

Local Government Operational Responsibility

Solid waste disposal has been historically a responsibility of local government. Some jurisdictions have confronted this responsibility intelligently and even courageously. However, as decisions involving solid waste disposal have become more difficult and politically sensitive, some local governments have chosen to abandon this responsibility.

Encouraging local governments to abdicate their responsibility for solid waste, washing their hands of the problem, is not sound leadership. I reject the notion that difficult solid waste decisions at the local level demand that the State assume primary responsibility for this function. Such an approach is wrong philosophically. As a precedent, it could encourage creation of a mega-state in Albany that contradicts the 210-year history of our successful experience. Practically, it is unworkable.

At the same time, I recognize that the State must do more to assist local governments to address this responsibility. We need to form a partnership in which the basic responsibility for the planning and operation of solid waste management facilities remains with local governments and the City of New York, and the State provides necessary guidance, technical and financial assistance.

To assist local governments in this effort, I shall propose funding to provide grants to counties to develop regional solid waste

management plans. These plans should be consistent with the goals of the Statewide Solid Waste Management Plan and should form the basis for siting necessary solid waste facilities. I shall also propose legislation to facilitate the siting of necessary regional solid waste management facilities.

I will propose that we recapture the unclaimed deposits from our successful Returnable Beverage Container Law. Since the enactment of this important legislation, soda bottlers and beer distributors have retained over \$300 million in unclaimed deposits. These funds, which now exceed \$60 million annually, should be put to productive public use to provide grants to municipalities for source separation, waste reduction, recycling and composting programs. The need for these funds is more apparent than it has ever been.

We must also increase State technical assistance, especially to municipalities confronted with complex decisions about appropriate regional solid waste management programs. In addition to increasing the resources of DEC, I shall also propose to establish an Office of Technical Assistance within the Energy Research and Development Authority, an agency that already has substantial experience in demonstrating and evaluating various disposal techniques.

In the coming year, we will begin the development of a comprehensive public education program and I will request the Board of Regents to consider the development of a solid waste management curriculum for elementary and secondary schools.

HOUSING AND TRANSPORTATION

THE AGENDA FOR HOUSING

Affordable housing is increasingly possible for thousands of low and moderate income New York families. Since 1983, we have authorized \$4.4 billion for our Housing New York effort, providing for the construction or rehabilitation of more than 200,000 units. The effectiveness of these efforts was recently recognized by the National Council of State Housing Agencies, which presented New York with two of its seven 1987 achievement awards.

Regrettably and despite our efforts, the challenge of providing an adequate supply of affordable housing has become nearly overwhelming in the face of massive cuts in federal housing assistance. These cuts have cost New York well over \$7 billion since 1980 and have reduced housing production to less than half of the annual rate during the Seventies.

Consequently, we cannot rest with the progress we have made nor can we limit our efforts to the continuation of already successful programs and initiatives. We must develop new strategies to increase the production of decent housing for the hundreds of thousands of New Yorkers living in substandard units.

Trust Fund Support for Affordable Housing

We have an opportunity this year to make a major advance in our efforts to ensure that all New York families live in safe, decent, and affordable housing. I will propose we dedicate for housing one-half of the capital infrastructure fund created last year by the Legislature.

Our objectives will be to increase the supply of low income rental units, make homeownership a possibility for those of modest means, fully fund our highly successful Rural Rental Assistance Program for up to twenty years and provide for that segment of our population most in need, the thousands of families who are homeless.

Consolidation of State Incentives

To address more effectively what has become a crisis in the availability of affordable rental housing in the New York Metropolitan

area, I will propose legislation to combine HFA financing, capital cost writedowns, a State housing tax credit, availability of excess State or municipal land and expedited permit processing for privately constructed housing in those municipalities that agree to match these incentives and supervise the projects upon completion. Utilizing an Urban Development Corporation subsidiary, we will make it possible for cooperating local governments to assemble sites rapidly, expedite the multiple approvals required, and speed up the construction and rehabilitation of projects. With the full participation of local government, this program could create 100,000 new rental units before the year 2000.

In 1986, the federal government approved a new tax credit for the construction and rehabilitation of low income rental housing. While this credit is no substitute for the loss of traditional housing funds, it is worth \$22 million each year to New York State. To put all these federal dollars to work, I will propose a State tax credit that, when combined with the federal credit, will provide an effective incentive for the construction and rehabilitation of low-income housing.

Last year, my Housing Director, Bill Eimicke, proposed needed legislation to expedite the construction of housing under the Low Income Housing Trust Fund and Affordable Housing Programs, and the Legislature recently held hearings on this issue. I will propose a series of changes to these programs to expedite the construction and rehabilitation of housing for the families of New York.

Housing New York Program

The nationally recognized Housing New York Program, utilizing the excess revenues of the Battery Park City Authority to build low, moderate and middle income housing, is well under way with the 1,800 units under construction in the South Bronx and Harlem. Mayor Koch and I are now exploring ways to increase dramatically Battery Park City's \$400 million contribution to the Housing New York Program by an additional \$600 million over the next twelve years, totaling \$1 billion for housing in the City of New York. In addition, the Authority is exploring innovative design, construction and financing methods for the development of affordable family housing at Battery Park City. I will submit legislation to allow the Authority to finance such housing, while preserving the Authority's ability to generate substantial revenues for housing and other purposes outside of Battery Park City.

Housing the Homeless

Homelessness is a national tragedy of growing dimension. It is particularly disturbing that children are the most rapidly increasing segment of the homeless population.

Early in 1983, New York became the first state to launch a program to construct permanent housing and provide necessary support services for those who would otherwise be homeless. Since then, through the Homeless Housing and Assistance program, the Low Income Housing Trust Fund and the Special Needs Housing Demonstration, nearly 4,000 new or rehabilitated beds are already completed and another 2,000 are funded and on the way. We have successfully encouraged and assisted community-based organizations to take advantage of these opportunities to apply their unique skills and talents to rebuild and revitalize some of the State's most blighted areas, and we will continue to do so.

The 4,000 homeless families living in New York City welfare hotels need permanent, affordable housing. As part of a joint State/New York City Homeless Families Plan to phase out welfare hotels, I will propose the State use funding from the Infrastructure Trust Fund to begin developing permanent housing for these needy families. Additional funding will be used to create a revolving loan fund to support the establishment of temporary shelters that will, in the short term, reduce our reliance on welfare hotels and, within ten years, be converted to permanent housing. Together, these two initiatives are expected to provide permanent housing for more than 2,400 homeless families. We are also working with non-profit organizations to help New York State obtain its maximum share of funding under the McKinney Act, the new federal homelessness program approved last spring.

An example of the benefits we can reap from public-private partnerships is H.E.L.P., a not-for-profit corporation, chaired by Andrew Cuomo and directed by a coalition of prominent business people and labor officials who donate or provide their services at cost. The organization was formed specifically to utilize private sector expertise, in collaboration with public sector programs, to provide quality housing with social services for homeless families at a reduced cost to the taxpayers. H.E.L.P. recently opened its first center of 200 apartments in East Brooklyn. Additional sites are being planned.

I will again ask your support in the enactment of legislation creating a bi-state public corporation with New Jersey, the Statue of

Liberty Trust Fund. In accordance with an agreement with Governor Kean, I will propose that tax revenues attributable to Liberty and Ellis Islands be used to assist the homeless populations in both states.

Public and Middle Income Housing

In our effort to produce large numbers of new units, we must not neglect the need to preserve and improve the hundreds of thousands of existing publicly assisted housing units. Last year we took the first step in a comprehensive effort to modernize the 66,000 apartments in the State-assisted public housing portfolio. This year I recommend that we accelerate that effort through the appropriation of \$10 million for 1988-89.

We are also in danger of losing the middle income character of our Mitchell-Lama housing stock. Under current law, owners of our older Mitchell-Lama projects can repay their State mortgage and then convert the units to market rate housing. Administrative procedures initiated by the Division of Housing and Community Renewal have served to protect residents and safeguard the State's financial interests, but it is essential that legislation be enacted this year to prevent the loss of large numbers of affordable rental and ownership units.

Rent Regulation

To keep rent affordable in the highly priced downstate market, the State administers a complex system of rent regulation statutes covering 1.2 million apartments in New York City, Westchester, Rockland and Nassau counties. Since assuming responsibility for the system in 1984, the Division of Housing and Community Renewal (DHCR) has made substantial progress in resolving disputes between tenants and landlords. However, much more must be done to improve the operation of rent administration.

To expedite case processing, I will request additional funds to accelerate the current three-year plan for computerization of operations, simplify procedures and train staff to use them properly. Additional staff will be requested to address backlogs in key areas. I will also submit legislation designed to eliminate inconsistencies and conflicts between the stabilization and control statutes inside and outside New York City, to simplify the administration of the rent system for tenants, landlords and DHCR, and to strengthen and expand existing tenant protections and combat warehousing of apartments.

Affordable Housing throughout the State

The quality and scope of New York's Rural Housing Opportunities (RHOP) are widely regarded as the best in the nation. At the same time, the number of elderly and low income families searching for affordable housing in our rural areas continues to increase faster than the supply of appropriate units. In response, we have developed legislation to expand and enhance RHOP so that the production of new and rehabilitated units will continue to increase annually through the year 1991.

SONYMA has been extremely effective in making homeownership possible for thousands of first-time homebuyers. The success of a number of creative housing programs, such as the Nehemiah Plan, the New York Housing Partnership and the Affordable Housing Corporation projects, depends on the availability of low-rate, long-term SONYMA mortgages for their homebuyers.

To continue this effective program, legislation will be submitted to extend SONYMA's authority to operate and finance the Affordable Ownership Program. I will also recommend expansion of the innovative Modest Means Homebuyer's Demonstration so that additional low income families can have an opportunity to own their own homes.

The lack of affordable housing on Long Island is a threat to the continued growth of that region's economy. The State has worked to forge innovative public/private partnerships that can bring together the resources needed to overcome this critical problem. I am pleased to announce that a joint effort involving Suffolk County and the State University of New York at Stony Brook has been launched to test comprehensive approaches toward developing and financing affordable housing. I will direct Bill Eimicke to monitor closely this project's approach to building affordable housing and consider ways to assist this important effort, to see how we can use the ideas developed — and lessons learned — to meet the chronic housing shortage in other parts of the state.

THE AGENDA FOR TRANSPORTATION

We are in the midst of the largest program of investment in our transportation infrastructure in the history of New York State. Our

efforts to reverse the decline of our deteriorated roads, bridges, transit systems, ports, rail network and airports have been successful over the past five years. We have already invested over \$17 billion in capital transportation projects and plan to allocate over \$20 billion more in the next five years. A safe and efficient transportation network is an essential element in the resurgence of New York State, and we have demonstrated our commitment to fund adequately that network.

Roads and Bridges

The unfunded needs of our roads and bridges remain a challenge. We need to improve the quality of our bridges and pavement, and we must begin our program of projects to improve traffic in areas of the State where congestion has made travel times unacceptable. I will submit a program to use one-half of the capital infrastructure trust fund we established last year to provide a downpayment for this program. These funds will allow the Department of Transportation to implement the first year of the multi-year capital plan identified by the Roadway Improvement Committee we established last year. We must work to complete the long-term financial plan to meet the remainder of our road and bridge needs.

While we continue to make infrastructure rehabilitation a top priority, we must also focus our efforts on insufficient highway capacity. Traffic congestion continues to plague Long Island and the rest of the New York Metropolitan region. Last year we enacted a \$250 million program to begin to deal with this issue. This year we will continue our efforts to design the capacity projects necessary to meet our needs in the 1990's. Using \$25 million committed by the Port Authority as part of my bi-state agreement with Governor Kean, we will develop with the Port Authority a program to improve Manhattan traffic congestion and the resulting air quality.

Following the tragic collapse of the Thruway Bridge over the Schoharie Creek and the identification of bridge failures in our local system, we have thoroughly reviewed our bridge inspection, maintenance and rehabilitation programs. They have also been scrutinized by the State Investigation Commission, the National Transportation Safety Board and independent engineering firms. Building on what we have learned, I propose that the Department of Transportation assume prime responsibility for a statewide comprehensive bridge inspection program, involving public authorities

and local governments and utilizing the most current technology. I will also propose increased funding for bridge inspection, maintenance and capital rehabilitation.

Ports and Airports

Expanding the number of passengers and the amount of goods that enter New York State is essential to the continuation of our economic revitalization. To meet this goal we must concentrate our efforts on modernizing our ports and airports.

In upstate New York we will continue our Rebuild New York bond program to improve our ports. In Buffalo we will continue our private-public partnership to revitalize the waterfront and develop the Port. In Albany, Oswego and Ogdensburg we will continue our effort to implement their port master plans.

The New York harbor must continue to grow and remain competitive as the greatest gateway to this country. The Port Authority will undertake a master plan to develop a consensus on the best ways to use its own and New York City's facility on the Brooklyn Waterfront in a coordinated manner. The New York port facilities are an essential part of maintaining this region's share of commodities shipped to this country.

I will propose a joint federal-state program to undertake a massive rehabilitation of the Greater Buffalo International Airport. The master plan for the airport, which was developed by the Niagara Frontier Transportation Authority in conjunction with the Federal Aviation Administration and the Department of Transportation, will involve a new runway, expanded and improved terminals and enhanced parking. Using \$22 million in State bond funds, the State will be a major partner in this development.

John F. Kennedy and LaGuardia airports are also scheduled for major renovations. We have begun our LaGuardia effort with \$70 million worth of road and terminal improvements this year. Next year, our Kennedy 2000 project will begin as we expand the capacity on our airport roads that is necessary to accommodate the anticipated growth in traffic. We will also work with the Port Authority to develop a funding proposal to improve our off-airport access roads. Expanding capacity on the Van Wyck Expressway, the Grand Central Parkway, the Southern Parkway, the Laurelton Parkway and the Nassau County Expressway is essential to the proper development of the airports.

Public Transit

Our public transit systems are an essential part of our balanced transportation network. Our bus, subway, and railroad systems carry more passengers than those in any other state. The largest system in the country, carrying more than one-third of the nation's transit riders, is the Metropolitan Transportation Authority. Last year we implemented the first long-term capital and operating financial assistance program in the MTA's history. This landmark legislation produced a three-year fare freeze, an \$8.6 billion capital program and an arbitration procedure to assure labor settlements. It not only provided the essential funding but also held the MTA accountable for containing costs within the financial plan and for the oversight of the capital plan. The Capital Program Oversight Committee created by the legislation has spent months reviewing the operating agencies responsible for the progress of the plan. Working with the outside oversight group, the Capital Program Review Board, the Committee will continue to monitor the implementation of the five-year plan, identify areas falling behind schedule and recommend means to improve capital plan compliance.

Providing money is the first step. Assuring it translates into rehabilitated cars, safe track and improved on-time performance is now our challenge. Our goals for next year are ambitious, and it is critical that we continue to monitor MTA's progress in meeting these goals.

Public transit beyond the MTA is important as well. I will propose a program to assure long-term, stable funding for financially troubled transit operators statewide. However, there must be local participation in the program and cost containment by the operators. In order to increase access for people with transportation disabilities, I will propose a program to require wheelchair accessibility and paratransit for the major transit operators. I will propose to continue the special assistance we have provided to the Niagara Frontier Transportation Authority to operate this State's newest transit system, the Buffalo Light Rail Rapid Transit System. Through these efforts we can balance the operating budget of the NFTA.

Highway Safety

The number of fatalities on the highways in New York State has steadily declined over the last several years as a result of traffic safety programs such as mandatory seat belt legislation, stiffer drunk driving

laws, sobriety check points and speed enforcement. But despite our success, far too many motorists lose their lives on New York's highways.

We have seen the proof that the 55-mile-per-hour speed limit saves lives. Pilot programs have demonstrated the effectiveness of intensifying speed enforcement in certain geographic areas, saturating interstate highways with State Police dedicated to maintaining the 55 mile per hour law. This year, we propose to offer further protection to the millions of travelers using the State's highways by expanding the saturation speed enforcement program.

At the same time, we will focus our programs to reduce alcohol related highway deaths on the recidivist offender. Our program will include tougher penalties and improved screening to identify chronic substance abusers. By identifying those with drinking and drug problems, we can expedite the necessary rehabilitative services. We will also propose a recodification of our driving-while-intoxicated statutes which will bring much needed clarity to the law.

Beyond these efforts, I will propose a program to improve truck safety. With more than half of the vehicles we stop for inspection demonstrating safety violations, the situation demands corrective action. Through the use of increased fine revenue, I will propose a commercial vehicle safety program, whose objective will be to improve our identification of violations and assure the public that these vehicles will remain off the road until they are repaired. In addition, this proposal will authorize the use of 102-inch-wide trucks where they can be driven safely.

OTHER LEGISLATIVE AND ADMINISTRATIVE INITIATIVES

AGRICULTURE AND RURAL AFFAIRS

Four years ago we completed a strategic plan for New York State agriculture, called *Agriculture 2000*. Working together we designed programs, modernized our research agenda and enacted statutory changes to strengthen our agricultural competitiveness.

We must build on this success. This year, we will initiate a Net Farm Income Enhancement Plan, and create new opportunities for our agricultural producers.

The dairy industry dominates our agricultural economy. Nationally, New York ranks third in the production of milk, and has ranked consistently as one of the top three milk producing states over the last 100 years. Nineteen eighty-eight will witness dramatic changes in the structure and marketing practices of our dairy industry. Last year, we enacted a sweeping reform of the State's milk licensing laws, which will increase competition throughout the marketplace. New reforms to strengthen the financial security of dairy farmers were also enacted. Implementation of those new laws will be a priority this year.

At the same time, our dairy farmers must address issues which tend to restrict their productive capacities. New York production per cow ranks well below the national average, and the industry's total growth during the 1980's has been 60% of the national average. The application of new biotechnologies, the provision of capital for cost-reducing technology, and the consolidation of operating facilities must be examined if we are to enhance the capability of our family-based dairy operations. I will ask the Department of Agriculture and Markets to work with the dairy industry to design a multi-year strategy to meet these challenges, so that we may enhance the net farm income of our dairy producers.

The Seal of Quality Program has increased the New York product share of state and regional markets by providing an incentive for producers to offer consistently high quality products. To date, more than twenty million packages of food items have received the Seal, and these products reach nearly 80% of the retail markets of New York State. Participation in this program adds value to New York's agricultural products. This year, I will ask the Legislature to increase the Seal of Quality program and include five new product promotions.

Agriculture and the Environment

The success of commercial agriculture is directly related to its ability to control the crop damage caused by harmful pests. At the same time, the protection of our valuable groundwater resources is critically important to farming.

The complex balance between agricultural and environmental policies can be maintained only through constant dialogue between the regulators and the regulated. In recognition of the emerging environmental issues facing New York State agricultural producers and processors, I will conduct a Governor's Conference on Agriculture and the Environment, to be co-chaired by the Commissioner of Agriculture and Markets and the Commissioner of Environmental Conservation. I invite Assembly Member Michael Bragman and Senator John Kuhl, chairs of the Assembly and Senate Agriculture Committees, to participate in the planning of the conference agenda.

For the past several years, we have invested in the Integrated Pest Management Program (IPM), an effort to use optimum chemical and biological pest control techniques. Since its implementation, the IPM program has effectively reduced the volume of pesticides required for pest eradication and at the same time, produced average pesticide cost savings of \$38 per acre to the farmer. This program has proven to be beneficial to both the environment and commercial agriculture. This year, I will ask you to support a series of measures to increase the number of farmers using Integrated Pest Management methods, including the formation of Integrated Pest Management Cooperatives through the Cornell Cooperative Extension Network, and the creation of a new classification of IPM Certified Pesticide Applicator.

Pesticide rotation practices, characteristic of Integrated Pest Management, are designed to break down pest immunities to commonly applied pesticides. Farmers using IPM practices find it necessary to substitute routinely new materials to eradicate pests. In an effort to expedite the Department of Environmental Conservation's approval of new materials, we will authorize the Commissioner of Agriculture and Markets to develop a priority list of materials to be used in the IPM program. I will also ask the Department of Environmental Conservation to develop a new process for the registration of organic materials.

Groundwater liability continues to be of concern to farmers. Last year I submitted legislation to respond to this concern. I look forward

to continuing our discussions with the Legislature to develop a proposal acceptable to all.

Increasingly aware of pesticide levels in their foods, consumers may prefer products grown through IPM methods. I will ask the Department of Agriculture and Markets to encourage the creation of a new category in the Seal of Quality Program, to label commodities produced through IPM methods.

Rural Affairs

One-sixth of our population, nearly three million New Yorkers, lives in the rural areas of our state. In fact, the population of our rural areas alone exceeds the total population of 26 states in the nation.

The new Office of Rural Affairs, which began its work last year, acts as an advocate for the special needs of smaller, rural communities across New York. This year, I will ask the Director of the Office of Rural Affairs to conduct a series of regional conferences in order to complete a comprehensive Regional Rural Needs Assessment.

Rural local governments require technical assistance in obtaining discretionary program funding offered by the State. We will begin a new effort to meet those needs through the implementation of a Rural Assistance Information Network (RAIN) to be administered by the Office of Rural Affairs.

Recognizing that the economic revitalization of rural New York is critical to the sustained growth of our State, last year we located three of the ten economic opportunity zones in rural New York. In addition, the Rural Development Loan Fund of the Job Development Authority has been recapitalized to expand economic opportunities for rural businesses. I will appoint the Director of the Office of Rural Affairs to the JDA board and ask him to participate in the development of the economic opportunity zones designated in rural areas of the State.

Transportation is a serious rural problem, especially for the elderly, people with disabilities and the working poor. Our rural Transportation Coordination Program has been received enthusiastically by the rural county governments. Twenty-seven counties have submitted applications for assistance. I will ask you to continue the funding for this program in 1988-89.

Health care problems in rural New York received special attention last year. The Legislative Commission on Rural Resources, chaired

by Senator Charles Cook, conducted a series of public hearings to discuss specific health needs. Further, the Department of Health's Task Force on Rural Strategies has produced recommendations for long and short-term actions to address the most critical rural health issues. I will ask the Office of Rural Affairs to work with the Department of Health to develop a schedule to implement their recommendations. In addition, I will ask you to designate the Director of the Office of Rural Affairs as a member of the State Council on Home Care Services.

AIDS

No public health disaster in recent history has so threatened our sense of community, so challenged our capacity for compassion or so devastated our vitality as the current AIDS epidemic. Despite our extraordinary efforts to educate and counsel, ignorance remains rampant and injustice continues to afflict the suffering. In the absence of either a cure or a vaccine in the foreseeable future, public education programs are critical and remain our only weapon against the spread of disease.

Our caseload trends are sobering and complicated. As we wait for science to give us hope for a cure, we confront the difficult needs this disease has created for thousands of New Yorkers. It will require a comprehensive attack at the state level, involving the enormous energy and devotion of State agencies and people from every walk of life. To help organize the State's future activities regarding AIDS, we will develop a five-year Master Plan to guide our actions. The Plan will assist our decision making in various areas, including health resource development and utilization.

However, in the short run, if we are to ameliorate the tragic consequences of the ravages of the AIDS epidemic, we must intensify our efforts to foster attitudes that lead to preventive behaviors. From our school curricula that teach life-saving behaviors to our intervention programs that seek to modify the behavior of those already affected, we must strive to reduce the ever-increasing toll on our vulnerable populations.

As our caseload increases, so does the demand for a multitude of services. As such, my Budget for the coming year will increase substantially funding for programs assisted through the AIDS Institute. These funds will enable the Institute to continue its current efforts and to expand its activities. They will enhance the effectiveness of

targeted educational and counseling efforts; promote the training of personnel to educate and counsel at-risk populations and ensure the availability of critical health professionals; expand the availability of support services through community based organizations; support new initiatives for the prevention of AIDS among women; and promote the development of long term care and hospice programs.

For people with AIDS, the terrible effects of the disease extend beyond physical illness. Because of misinformation and myth, people with AIDS are vulnerable to discrimination at every level — particularly at the worksite and in housing. This discrimination often extends to those who do not have AIDS, but test HIV positive. To protect these citizens from potential harassment and prejudice, I will propose legislation to guarantee that the results of AIDS testing are kept confidential. We must ensure this basic protection.

The tragedy of AIDS has created an entirely new homeless population in our state. It comprises those afflicted with the disease, patients who can no longer benefit from hospital care but who must have immediately available a whole range of treatment services. I have directed the Department of Social Services to take the lead in working with community providers and other State agencies, including the Housing Finance Agency, to develop residential programs that take maximum advantage of existing services and funding, and to propose new models as need requires. We will also call upon H.E.L.P. to develop innovative ways of constructing and financing these desperately needed programs.

We cannot close our eyes to the painful truth that AIDS afflicts drug abusing populations at alarming rates. We will increase our educational efforts, including the use of bilingual materials, public service announcements, the purchase of radio and television air time, and the expanded involvement of community service organizations to reach these populations — particularly in black and Hispanic communities. We will also continue to expand our drug treatment services in a variety of settings, including both ambulatory and residential drug free programs.

I am also concerned about reports of charlatans who prey on the fears and desperation of people with AIDS and other catastrophic illnesses by offering bogus "cures" and "treatments." I will present proposals from the Consumer Protection Board to strengthen our ability to deal with such fraudulent practices.

A major responsibility for the provision of care and services to

people with AIDS falls upon State employees. They are an important link in our strategy to deal with this disease. I will reaffirm this Administration's support for those workers who provide direct care services, by continuing our collective efforts with the public employee unions to train and educate all our employees about AIDS.

COURT REFORM

We can be proud of New York's recent progress toward judicial reform. Last year we took two additional steps. We enacted a court facilities bill that will help us ensure that judicial facilities meet minimum standards and that the work of the courts is not compromised by adverse physical conditions. We also adopted a cameras-in-the-courts bill to open our trial courts to public view and inspection during an experimental period and thereby enhance the public's understanding of our legal system.

However, it must be said that we also failed to take a needed step when the two Houses could not agree to give second passage to the Court Merger amendment in the first session of the Legislature elected following first passage, as required by the Constitution. We therefore have to begin again.

This year I will call upon the Legislature to enact a constitutional amendment to give the citizens of the State an opportunity not only to simplify the inordinate complexity of our current court system but also to depoliticize our method of selecting judges. I will urge that we apply the methods we have recently used to select judges of our highest court, the Court of Appeals, to the selection of all judges.

We also will continue to work to improve the administration of our court system. The Joint Committee on Judicial Administration continues to provide valuable assistance in these efforts. Another administrative matter that I wish to pursue is the important question of jury reform that the Legislature has so appropriately raised. I will submit legislation that will improve the quality of jury service, eliminate the costly, unnecessary requirements mandating jury sequestration, and establish with the resulting savings a uniform statewide juror's fee.

CRIMINAL JUSTICE

I have been most pleased by the major improvement in the coordination of the State's criminal justice system that has occurred

under the leadership of Larry Kurlander; I am confident this record will continue with John Poklemba. State agencies, local governments, elected officials and the courts have worked in partnership to respond sensitively yet firmly to the increased workload of the criminal justice system.

We have complemented an unprecedented prison expansion program with more police, more prosecutors and more judges. We have introduced major court reforms, strengthened the administration of parole and enlarged the protections and rights accorded to crime victims. At the same time, recognizing that not all criminals belong behind bars, we have vastly expanded alternatives to incarceration.

Sophisticated Technology

Nowhere is our determination to use innovative ideas in the struggle against crime more evident than in our efforts to apply state-of-the-art information technology to New York's criminal justice identification system. Our multifaceted information improvement project, Systems Improvements for Enhanced Community Safety, repeatedly and convincingly demonstrates the public protection value of high quality, easily accessible criminal justice information.

Our Statewide Automated Fingerprint System (SAFIS), which will replace the State's antiquated facsimile fingerprint searching system with instantaneous digital transmissions, will dramatically improve our ability to apprehend dangerous criminals. We expect that SAFIS, when fully implemented, will result in the solution of more than 10,000 new crimes each year and the arrest and prosecution of thousands of criminals who would otherwise evade detection. This year, we will move aggressively into statewide implementation.

Professionally Trained Personnel

Sophisticated technology alone is not enough. Law enforcement officials must be held to the highest professional standards. The development of New York's Statewide Law Enforcement Accreditation Program marks a milestone in the history of law enforcement in New York State. We believe that accreditation will be the premier issue in policing for the balance of this decade. New York will continue to maintain a leadership role in this important endeavor.

Many local law enforcement agencies lack the resources necessary to investigate and prosecute vigorously multijurisdictional crimes,

organized crime, computer fraud and other sophisticated, white-collar crimes. I will propose that the State increase the resources available to localities for investigating and prosecuting these hard-to-detect crimes.

The Battle Against Sale of Illegal Drugs

Last year, I announced the formation of the Statewide Drug Enforcement Task Force, made up of federal, State and local law enforcement officials. The first regional Task Force — the Capital District Task Force — recently arrested several major drug traffickers, seizing over one million dollars in assets. The second regional Task Force, located in the Syracuse area, is now fully operational. In addition to its enforcement mandate, the Statewide Drug Enforcement Task Force has developed prevention and education programs, improved training for law enforcement officials and sponsored anti-drug legislation.

This year I will again introduce three anti-drug bills supported by the Statewide Drug Enforcement Task Force. One measure is aimed at eliminating the spread of crack, the super-refined cocaine of unprecedented potency. The second bill focuses on the financial kingpins of the drug world, those sophisticated traffickers who launder the cash that is generated and moved by international crime cartels. The third bill creates obstacles to drug use by strengthening New York's anti-paraphernalia laws, making it more difficult for users to ingest or inject illegal drugs. To protect New York's borders from the influx of illegal drugs, I will ask that the State Police drug interdiction program be augmented.

Correctional Systems Improvements

The number of women in prison has increased rapidly in recent years. Many women inmates have a responsibility not shared by their male counterparts: the majority are single heads of households who return home to care for their children. This year, we will propose a program aimed at reintegrating women offenders into the community, helping them lead productive lives.

The offender who is developmentally disabled presents a unique challenge to the criminal justice system. While legally responsible for their criminal acts, these offenders are often unsuitable for traditional correctional treatment, nor are human services providers equipped to serve this population. We will propose a program aimed

at diverting selected misdemeanor defendants from the criminal justice system. Specialized training programs will focus on mental and physical hygiene, vocational and educational development and related life-skill services.

Last year we enacted an Omnibus Prison Overcrowding Bill, designed to relieve overcrowding in State prisons. This year, the emphasis shifts to achieving similar reform in local correctional facilities, which like their State counterparts have suffered under the weight of enormous increases in inmate populations. I will submit a Community Corrections Act, providing relief for the problems of local overcrowding while simultaneously encouraging the continued development of alternatives to incarceration.

Life Without Parole

The taking of another person's life, except in self-defense, is an inexcusable act, one that deserves the severest penalty. Yet, a penalty that responds to violence with violence is not the answer. My opposition to capital punishment is well known. The death penalty is unjust and ineffective. It would not make us safer, nor would it have a significant impact on prison overcrowding.

History clearly shows that the selection of offenders to receive this irrevocable sanction is arbitrary and capricious, the death penalty being overwhelmingly applied to black males, to the poor and the uneducated. The uncertainty and unevenness associated with the death penalty undermines any possible deterrent effect. Mistakes have been made; to allow capital punishment would be to ignore the inevitability of wrongful convictions.

There is, however, a workable and lasting way to protect society from murderers. For the sixth consecutive year, I will introduce legislation permitting a sentence of life imprisonment without parole.

The certainty of a life spent without the hope of freedom is a penalty of immeasurable magnitude. Yet, it is a penalty that avoids the irreversible and undesirable effects of the death penalty. I ask you to join with me in keeping murderers off our streets and in our prisons where they belong.

DOMESTIC VIOLENCE

Domestic violence is a social problem of enormous magnitude. In New York State in 1986, a total of 62,191 family offenses were

reported to police agencies, an increase of 34 percent over the previous year. A total of 36,068 family offense petitions were received by New York's Family Courts in 1986, approximately 12 percent more than were received in 1985, and the State Department of Social Services Child Protective Services Hotline received 95,956 reports of suspected child abuse and neglect. In addition, researchers report that at least ten percent of all elderly people may be abused by family members.

New York State has been actively seeking solutions to this problem for over ten years. In 1983, I created the Commission on Domestic Violence, to investigate all aspects of family violence and to make recommendations in response. During its tenure, the Commission has been highly successful in fulfilling its mission. A range of legal reforms has been achieved, services developed and clear public policy directives have been articulated, making New York State a national leader in the area of domestic violence initiatives.

These efforts, combined with the enormous increase in public and media attention to domestic violence, have created a demand for technical assistance and services which this state has an obligation to fill. In response, I will propose legislation and provide increased funding for services to victims of domestic violence and to support enhanced training, education and outreach programs.

ELDERLY

We often hear that the elderly of our society are doing better financially than ever before. For many older New Yorkers, that is true. Higher retirement incomes and indexed Social Security benefits have improved the quality of life for many citizens. Last year we joined together in establishing the Elderly Pharmaceutical Insurance Coverage (EPIC) program which helps eligible elderly individuals cope with the high cost of prescription drugs. But we cannot let the good news for some overshadow a devastating economic problem for the elderly who are dependent on SSI for their support. New York, like other states, supplements the federal SSI payment. This payment has not been increased since 1986. My Budget will include support for an increase in the SSI Supplement for persons who are elderly disabled.

Adult homes provide a crucial link in the State's continuum of congregate care for the elderly and disabled. Many residents of these facilities depend on SSI to pay for the cost of their care. The State supplement portion of the SSI grant for these needy people was last

increased in 1985. My Executive Budget will include funds for a further increase to ensure that the homes will continue to meet the standards for quality care and services.

During the past year, my Long Term Care Policy Coordinating Committee has examined the feasibility of long term care insurance as a means to help pay for the costs of this care. With the assistance of the Robert Wood Johnson Foundation, we will continue to explore ways to make this insurance more available, to spread more equitably the risk of long term care costs and to improve access and continuity of care to those in need.

The availability of health care is essential for older people. The federal Medicare Program provides senior citizens with a basic health insurance plan, including coverage for physicians' services. Unfortunately, some health care providers have taken advantage of their Medicare patients, requiring them to pay fees that exceed what is allowed under Medicare. To help correct this situation, I will propose legislation which will prohibit a physician from charging a Medicare patient a fee in excess of the federally determined "reasonable charge."

In 1986 we created the Expanded In-Home Services for the Elderly Program (EISEP) to increase community based care for the elderly. My Budget will include enhanced funding for this program in 1988-89.

ENERGY

A safe, affordable, reliable and environmentally sound supply of energy is essential for economic growth and social prosperity. Sustained economic growth depends upon our ability to control energy costs, to use energy more efficiently and to reduce our dependence upon insecure sources of supply.

While we have made considerable progress in improving the State's energy situation in recent years, new challenges confront us. Energy consumption in New York is growing rapidly, spurred by a resurging economy. Oil imports are rising at an alarming rate. There is no coherent national energy policy. New York's energy planning process still awaits renewal, and consumer complacency, not unexpectedly, has set in.

How we respond to these challenges in the coming months will have a direct bearing on the energy resources and economic well-being of this State in the twenty-first century.

Energy Planning/Least-Cost Energy Future

As our economy grows, so does the demand for energy to fuel that growth. If present trends continue, the State Energy Office projects that new electric capacity may be needed in some regions of New York by the mid-1990's. We must ensure that such capacity is provided in the least costly, most efficient and environmentally sound manner possible.

Many options are available to meet expected energy demand. We cannot afford to repeat the mistakes of the past, when we based our energy policies and investment strategies upon the promotion and construction of large-scale, capital-intensive baseload power plants to produce electricity. However, we cannot make intelligent decisions about future policies or investment strategies without a clear vision of where we want to go and how best to get there. Accordingly, I shall propose legislation to reestablish under the direction of State Energy Commissioner William Cotter an Energy Planning Board to undertake an integrated energy resource planning process.

This planning process should encompass all feasible and cost-effective energy supply options, including demand management and energy efficiency measures, giving due regard to security and diversity of supplies, protection of public health and safety, preservation or enhancement of our environment, and conservation of energy and energy resources. It should rely upon the State's own analysis, our own independent capability to prepare assessments of the future and evaluations of alternative scenarios. The process should result in a flexible plan, updated on a timely basis, which accounts for uncertainty and risk.

Shoreham

With respect to the electricity supply situation on Long Island, I shall continue to oppose the licensing and operation of the Shoreham nuclear power plant. Safety is and will remain my primary concern at Shoreham. Shoreham cannot meet applicable federal safety standards. In the event of an emergency at Shoreham, Long Island could not be evacuated in a safe and timely manner, and the health and safety of the Island's residents could not be assured.

Shoreham is not necessary to meet the electricity needs of Long Island. Alternatives are available. Unfortunately, LILCO's obsession with Shoreham has frustrated implementation of these alternatives,

thereby jeopardizing the availability and reliability of electricity supply for Long Island.

For more than three years, I have indicated the State's willingness to assist in a negotiated solution to the Long Island Lighting Company's problems, which would assure a reliable supply of power at reasonable cost for Long Island. However, we will not participate in any agreement that permits Shoreham to operate and thereby jeopardize the health and safety of millions of Long Islanders.

In the meantime, the Long Island Power Authority remains authorized to move forward to carry out its responsibilities for a transition to public power on Long Island, as set forth in its enabling legislation. Public power offers the potential of safe and reliable electricity for the ratepayers on Long Island.

LILCO has a fundamental obligation to provide reliable electric service on Long Island. It is clear that the company must accelerate its commitment to load management and conservation efforts that offer a significant potential for meeting both immediate and future needs. Similarly, the company must aggressively pursue the purchase of power from independent power producers at reasonable long-term rates, consistent with the costs the company will avoid through the purchase of such power.

In recognizing the need for LILCO to develop and implement alternative means to satisfy Long Island's need for power in the short and long-term future, the Public Service Commission recently directed the company to show that it will implement reasonable plans to provide reliable electric service on Long Island without generation from Shoreham, including an ambitious conservation/load management effort and pursuit of cost-justified independent power production.

To meet longer-term needs for power, at my request the New York Power Authority has expedited the licensing and completion of a new 600 megawatt transmission line from Westchester County to Long Island, which is now scheduled for completion by the fall of 1991. In addition, I am calling upon the Authority to investigate the full range of possible options for providing additional long-term electric generation capacity, should that capacity be needed.

Hydroelectric Power

With the leadership of Senator John Daly and Assembly Member William Hoyt, I had the pleasure of signing into law legislation which

preserved the allocation of hydroelectricity from the Niagara Project to 37 companies in Western New York employing more than 28,000 workers. In addition, with the cooperation of Senator Dale Volker and Assembly Members Arthur Eve and Oliver Koppell, we were able to reach agreement on legislation that would make available low cost energy from the State Power Authority's Fitzpatrick nuclear plant for economic development throughout the State, offering the prospect of creating or retaining 15,000 additional jobs.

Under the able direction of Power Authority Chair Richard Flynn, we shall continue to explore the possibilities for firm electricity purchases from Canada. Negotiations between the State Power Authority and Hydro-Quebec on a new contract, based upon the concept of mutual economic benefit, are proceeding. If successful, they should result in the importation of firm hydroelectric capacity for the benefit of ratepayers in Southeastern New York.

I shall continue to oppose vigorously efforts to reallocate upstate hydropower to the downstate region. Such reallocation would produce only marginal benefits for ratepayers downstate, while imposing a severe burden on upstate ratepayers. I am encouraged that the State Power Authority will be able soon to complete negotiations with the upstate, investor-owned utilities to extend contracts for the sale of low-cost hydroelectric power for residential consumption beyond 1990.

Utility Regulation

We are fortunate to have Peter Bradford, an experienced and knowledgeable regulator, to direct the State Public Service Commission. In his short tenure, Mr. Bradford has demonstrated leadership and independence. Along with his colleagues at the Commission, five of whom I appointed and the Senate confirmed last session, he has begun to restore public confidence in our regulatory process.

I look forward to his leadership in implementing a more competitive framework for the development of new electric generating capacity, through an all-sources bidding system. Such a system offers the prospect that all providers of electricity services — including the State Power Authority, independent power producers and providers of load management and demand-side management services — would compete in an equitable manner. The resulting benefit for all of the State's electricity customers is obvious.

In this context, the State integrated energy planning process will

provide an essential prerequisite for the Commission's implementation of an effective and responsive bidding system for acquiring new capacity. These two efforts should, in turn, be integrated with legislation that I shall propose to renew and revise the Article VIII siting process for new electric generating facilities. By examining the need for new generating facilities within the context of a statewide energy planning process, and the economics addressed through a competitive bidding system, individual licensing proceedings would be substantially streamlined.

Utility rate stabilization is a cornerstone of my Administration's commitment to providing low cost energy and telecommunication services to our consumers and businesses. My Administration has been successful in negotiating rate reduction and rate stabilization agreements with many of the major utilities. In 1987, we were able to obtain rate decreases for the customers of New York Telephone Company, Consolidated Edison, Orange and Rockland Power, and other gas, electric and telecommunications companies. I have directed the Consumer Protection Board to enter into similar discussions with the remaining utilities.

Energy Efficiency

Improved energy efficiency is essential to a balanced, comprehensive and integrated State energy policy.

Conservation remains the least costly, most economically productive and environmentally sound strategy to satisfy a significant portion of the State's energy requirements. In fact, over the past decade, the largest source of new energy supply for expansion of the State's economy has been displaced energy, made available from conservation and energy efficiency improvements. We must build upon this accomplishment.

During the last legislative session, with the able leadership of Senator Jim Seward and Assembly Member Bill Hoyt, we were able to fashion a creative conservation program for the expenditure of petroleum overcharge recoveries. This year, I am confident we will build upon this record. I shall propose legislation to establish more stringent State energy efficiency standards for refrigerators and freezers, and to adopt new State efficiency standards for certain commercial air conditioners. I will also propose legislation to enable the State Power Authority to initiate aggressive energy conservation and load management programs for its municipal, rural and Southeastern New

York electricity customers, and legislation to extend and modify the Home Insulation and Energy Conservation Act.

In addition, I have directed the State Energy Office to expedite its update of the State Energy Conservation Construction Code as it pertains to commercial buildings. Updating the Code to reflect cost-effective and improved equipment efficiencies, new building design and construction techniques, and technological advances — especially in lighting — will save over 300 megawatts of electric generating capacity by the year 2002.

Lighting offers a major opportunity for improving the efficiency of electricity use. Under the auspices of the State Energy Research and Development Authority, we will establish the nation's first Lighting Research Center to promote the development of more efficient ways to light our homes, offices and streets. The Center will not only foster more efficient usage of electricity but also will provide direct economic benefits.

ENVIRONMENTAL PROTECTION

Last year New Yorkers overwhelmingly approved the \$1.45 billion Environmental Quality Bond Act, demonstrating their continued bipartisan commitment to protection of our environment. Our ambitious program to clean up hazardous waste sites, acquire Forest Preserve and other environmentally sensitive lands, protect historic resources, and develop urban parks is on schedule.

I am pleased to report that our \$4 billion hazardous waste cleanup program, designed to use responsible party, Bond Act and Federal Superfund monies to remediate hazardous waste sites, is ahead of schedule. Due to the extraordinary success of our enforcement efforts, backed up by the availability of Bond Act funds, we have stimulated an unprecedented number of cleanups undertaken by responsible parties rather than by the State itself, and thereby have used less taxpayer funding in this initial stage than originally contemplated. This is as it should be. By the end of the 1987-88 State fiscal year, remedial projects will be under way at 235 sites, 13 more than the level estimated in our ambitious plan to remediate all hazardous waste sites by the year 2000. To support this accelerated program, I shall propose legislation to authorize DEC to engage standby contractors for certain remedial activities.

The Bond Act has also enabled the Department of Environmental Conservation to begin the process of acquiring spectacular new lands. This year, we will concentrate on acquisitions in the Adirondacks, the Hudson River Valley and Long Island. In addition, the Office of Parks, Recreation and Historic Preservation has awarded nearly \$30 million in grants for municipal park, urban cultural park, and historic preservation projects. I will request funds in my Executive Budget to continue these important efforts over the next year.

Water Quality

The protection of our water resources from pollution caused by traditional pollutants and toxic chemicals remains an important part of our environmental protection efforts.

For two decades, State and federal grants have provided billions of dollars to New York's local governments for the construction of wastewater treatment facilities. Construction of these facilities has led to vast improvements in water quality. The Federal Water Quality Act of 1987 phases out federal grant funds for sewage treatment plant construction and instead provides funds to capitalize state revolving loan programs. I will propose legislation to establish a State revolving loan fund designed to provide subsidized loans to municipalities for new sewage treatment facilities.

We must continue our efforts to protect one of our most valuable natural resources, the Great Lakes. With funds from responsible parties and the 1986 Environmental Quality Bond Act, the remediation of hazardous waste sites that may be impacting water quality in the Lakes will continue. In addition, I will provide funds for the Department of Environmental Conservation to develop the required Remedial Action Plans for areas of the Lakes that have particular pollution problems. Finally, I will propose legislation again this year to implement the Great Lakes Charter. Our active involvement is essential if we are to do all we can to protect the waters of the Great Lakes from diversion outside of the Great Lakes Basin.

Conservation of our existing water resources should be an essential element of our efforts to assure sufficient drinking water supplies for New Yorkers. Therefore, I will again propose legislation to require the metering of all water for residential and industrial use.

The protection of our water resources should include a comprehensive program protecting vital aquifers, lakes and streams from pollution caused by inappropriate activities occurring nearby.

I will propose that we implement controls on the use, storage and disposal of hazardous substances over aquifers in the state. We will also develop a wellhead protection program focusing on areas surrounding public water system wells and wellfields threatened by contaminants. Finally, we will develop a non-point source pollution management program to control sources of pollution, chiefly agricultural and urban runoff, which are a major cause of water pollution.

One of the principal threats to ground and surface water quality is leaking petroleum and chemical storage tanks. I will request additional staff, within available revenues, to enhance our leak prevention program through increased inspections and enforcement efforts. In order to assure a prompt response to the thousands of spills that occur annually, I have provided additional field staff for the Department of Environmental Conservation and, if necessary, will further augment these resources within available revenues.

The well-publicized problems that confront marine waters all across our nation, such as brown tide and contaminated and closed fisheries, remind us all that we cannot continue to treat our oceans as the repositories of society's waste. A Governor's Task Force on Coastal Resources will develop a long-term plan for managing these resources, and I will ask it for recommendations by October 15 to improve the State's management of our coastal resources, a responsibility now scattered among a number of State agencies.

We will continue our efforts to protect vital estuaries, including Long Island Sound, the New York Harbor and the Hudson River. In pursuit of this objective, I have nominated Long Island Sound and the New York Harbor for inclusion in the National Estuary Program. Pursuant to legislation I signed last year, we will develop a management plan for the Hudson River Estuarine District.

Last year I signed legislation which required fishing licenses for commercial fishermen in the marine district. My Executive Budget will propose that we utilize revenues from these licenses to fund strategies and management practices designed to protect and restore our marine resources.

Natural Resources

The magnificent Hudson River Valley is well known for its natural beauty and its historic and cultural resources. It is important that we act aggressively, as the State did last year in acquiring Lake

Minnewaska, to protect open space in the Valley, while at the same time providing for its use and enjoyment by all New Yorkers. This year I will propose a major new initiative designed to achieve these objectives. I recommend that we create a Hudson River Greenway, a chain of parks, open space and trails from New York City to the foothills of the Adirondacks. The Greenway will be a national model for efforts designed to ensure public access and also preserve our precious natural resources. It will embrace the creative efforts of both public and private sector entities. This cooperative public-private undertaking will link the extraordinary environmental, cultural and historic heritage of the Hudson River Valley — in the process, fostering a sense of regional identity while protecting a greenway of national and international significance.

Tidal and freshwater wetlands are among New York's most important yet fragile natural resources. Within the past year, the Department of Environmental Conservation's Tidal Wetlands Advisory Committee documented a number of shortcomings in the implementation of our tidal wetlands program. At the same time, there was controversy on Staten Island and elsewhere in the State over regulation of freshwater wetlands. I will request additional funding to implement the highest-priority recommendations of the Tidal Wetlands Advisory Committee. I will also propose legislation to implement the enforcement recommendations of the Committee.

I am grateful to Senator John Marchi and Assembly Member Eric Vitaliano for their leadership in crafting a legislative compromise to the problem of freshwater wetlands mapping on Staten Island. To implement this initiative, I will seek funds this year to create a staff for the recently revitalized Freshwater Wetlands Appeals Board.

We will move quickly to acquire environmentally sensitive lands with funds from the 1986 Environmental Quality Bond Act. However, the need to acquire and protect lands far exceeds the funds available for this purpose. Therefore, I will again propose legislation giving local governments the option to tax real estate transfers to raise funds for local land acquisition efforts.

The continued development of our recreational fisheries provides important economic and recreational benefits to our citizens. Expanding upon our successes on the Great Lakes and elsewhere, I will propose funding for a new walleye hatchery in Oswego County. I will also propose funds for new boating and fishing access sites, including sites along the Great Lakes and the marine district.

Lake Champlain is an important natural resource shared by the people of New York and Vermont. Governor Madeleine Kunin and I are committed to managing this resource as a joint asset. This year we will enter into a cooperative agreement with the State of Vermont designed to improve management of the Lake. We shall continue to study the environmental and economic impacts of a sea lamprey eel eradication effort on Lake Champlain.

Last year I proposed funding to begin the process of planning for a visitor interpretive center in the Catskills. This year I will provide funding in my budget for construction of this center, to be completed by December of 1989. Construction is now underway at our Adirondack Park Visitor Centers at Paul Smiths College and Newcomb. These centers are expected to open in the summer of 1989.

Environmental Enforcement

We must continue to assure that the Department of Environmental Conservation has the resources and laws that it needs to deter and, where necessary, punish those who callously contaminate our environment and endanger public health. I am confident that under the leadership of Commissioner Jorling, the Department will continue to enforce our environmental laws aggressively. To assist in these efforts, I will again propose legislation granting private citizens the right to initiate suits to compel compliance with our environmental laws.

State agencies have a special obligation to comply with our environmental laws. I am directing all State agencies to undertake comprehensive environmental audits for the purpose of assessing compliance with State and federal environmental laws, ascertaining whether any inactive hazardous waste sites are present at State-owned facilities, and determining the cost of correcting any violations that are found. I will also provide funds in my Executive Budget to address hazardous waste sites and leaking storage tanks that have already been identified at State facilities.

We must assist municipalities, small businesses and industry to meet their environmental responsibilities using innovative and less costly methods. To this end, I will submit legislation authorizing the Energy Research and Development Authority to conduct an expanded program of needed environmental research, development, demonstration projects, and technical assistance.

Hazardous Materials

Working closely with Attorney General Robert Abrams, I will again propose legislation this year to require industries to develop risk management and emergency plans to address any release of hazardous substances and to require immediate reporting of accidents to State and local agencies.

The environmental and public health impact of the improper use of pesticides is a matter of serious concern to all New Yorkers. I will propose legislation again to revise certification and registration fees to provide increased funding for the pesticide regulation, education and training activities of the Department of Environmental Conservation. I will also direct State agencies to study their own use of pesticides and to prepare plans by November 30 to reduce their use.

In order to assure sufficient capacity to dispose of the hazardous wastes that we cannot avoid generating, the Department of Environmental Conservation will develop a hazardous waste facility siting plan. The plan, required by legislation I signed last year, will project the need for hazardous waste disposal capacity over the next 20 years and will identify ways to meet this need. A draft plan will be available for public review this June.

Air Quality

Damage to our forests, lakes, rivers, and streams from acid rain must be stopped. Under the Acid Deposition Control Act that I signed into law in 1983, we in New York will continue to reduce sulfur emissions that lead to acid rain. In anticipation of the implementation of Phase Two of this statute, we will initiate a major study to examine the impact of energy efficiency, alternative energy production facilities, Canadian imports and potential utility plant closings upon acid rain deposition. However, the ultimate solution to the acid rain problem will only occur through enactment of a national control program. I will work with our congressional delegation and officials from other states in support of such a program.

I will propose increased funding for our efforts to improve air quality in the New York City metropolitan area. My Executive Budget will also provide funding to continue our efforts to upgrade and expand the State air quality monitoring network which monitors acid rain and toxic chemicals.

We will expand substantially our effort, particularly in New York City, to demonstrate alternative fuels such as methanol, ethanol, and

compressed natural gas as substitutes for gasoline. Alternative fuels can provide environmental benefits through cleaner emissions and decrease our growing dependence upon imported oil. Accordingly, I will recommend an implementation plan for a demonstration program for New York State's motor vehicle fleet.

HEALTH

Hospital Reimbursement

This summer we came together to agree on a bill which will provide an equitable reimbursement system for inpatient hospital care. It is designed to enhance cost containment while ensuring a high quality of care, to finance a portion of hospitals' bad debt and charity care losses, and to recognize certain cost increases incurred by hospitals between 1981 and 1985.

It is my hope that this will be the first bill you approve this session. With this new reimbursement methodology our hospitals can look forward to a period of stability.

Quality Assurance

Over the years, we have significantly improved the health care system. A major concern of the Department of Health is to ensure that the best possible care is consistently provided to our residents, regardless of their ability to pay and the environment in which care is delivered. I have directed the Department of Health to improve its quality assurance efforts. To this end, the Department will develop a profile of each health facility, using its existing data bases, incident reports and on-site surveillance activities, share information concerning the quality of health care with consumers to enable them to make informed choices, and promote interventions and corrective actions where problems exist. The recently formed Consumer Health Information Council will assist the Department in its effort.

Task Force on Life and Law

The Task Force I appointed on Life and Law has examined a number of important issues derived from the startling advances made in medicine. Last year, its recommendation resulted in the enactment of the Do Not Resuscitate legislation, the first of its kind in the United States. The Task Force continues its deliberations. This year, I will

propose Health Care Proxy legislation and, working with Assembly Member Richard Gottfried, I will seek your support for its adoption. This legislation will enable competent adults to select individuals to make health care decisions on their behalf should they become unable to make such decisions on their own. I also await reports from the Task Force on organ transplantation and surrogate motherhood, and I may suggest legislative proposals for your consideration.

Restrictions on Smoking in Public Places

Growing scientific evidence establishes the risk that secondary smoke poses for smokers and non-smokers alike. The Public Health Council recognized this serious health problem, and took steps to protect New Yorkers from the serious effects of secondary smoke. The Court of Appeals, however, invalidated these regulations. The time has come for a legislative response, and I will therefore propose the enactment of the Clean Indoor Air Act of 1988. This legislation will protect the public from the serious effects of secondary smoke, and take into account the legitimate concerns of business.

HIGHER EDUCATION AND CULTURAL INVESTMENT

Two years ago, legislation was enacted that provided authorization for over \$1.3 billion in additional capital construction for City University. This program, underway now, will help us meet the dual challenges of access and excellence in CUNY.

I will again propose legislation to provide for additional capital construction beyond what can be supported under the existing \$3 billion cap of the State University bonding authority, an additional \$1 billion to address the University's need for new and improved facilities.

Last year we began the first in a series of improvements in the ability of State University and City University to achieve excellence in graduate education and research. Our competition is on the national and international level, both for federal and corporate support. This initiative must be sustained to retain and attract premier faculty and graduate students, secure outside governmental and corporate support and develop a university climate that spawns creativity.

New York's community colleges are synonymous with both access

and economic development. These institutions provide open admissions to local residents and stress teaching and counselling. They have their roots in the community and provide their students with skills that make them employable and fullfledged contributors to their region's economic life. Through their contract course programs, community colleges respond quickly and ably to the constantly changing need of local businesses to provide new job training in the face of technological and work place modifications. My Budget will call for an increase in contract course funding to respond to these particular needs.

No undertaking in higher education is as important as ensuring access to our colleges and universities by all qualified students. Tuition at SUNY and CUNY has been maintained at affordable levels. We see no necessity to raise it now. Our Tuition Assistance Program continues to be the leading state-financed student aid program in the nation. I will recommend the elimination of the so-called "upper cut" in the Tuition Assistance Program. There is no longer a persuasive rationale for continuing the reduction of \$200 in the junior and senior years to needy 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.

Our cultural resources contribute to the quality of our lives and the economic vitality of our State. The New York State Council on the Arts continues to be the leading arts agency among the states. Under the leadership of Kitty Carlisle Hart, Chair of the Council, State support has taken new directions, including the arts and education program for children, and the effort to expand minority audiences for the arts. My Budget will call for continued support and expansion of these arts efforts.

HUMAN RIGHTS AND BIAS-RELATED VIOLENCE

Bias-Related Violence

Violence in any form is repugnant to a civilized society, but violence motivated by prejudice is particularly odious. Most recently, with respect to the deplorable events at Howard Beach, our criminal justice process has been called upon to address such violence. The

vigorous but fair prosecutorial efforts of Special Prosecutor Charles Hynes have yielded a result that should confirm our reliance on the jury system and on the criminal justice process of which it is a part.

While some evidence suggests that bias-related violence is increasing, the actual scope of the problem is unknown. I have directed the Division of Criminal Justice Services to institute a statewide system for recording bias-related incidents. In addition, specialized training will be provided to law enforcement officers for the investigation and prosecution of these crimes.

In 1985, accusations of systemic racism by police officers in the use of deadly force led me to appoint the Commission on Criminal Justice and the Use of Force. The Commission conducted a wide-ranging inquiry and found no evidence of systemic or pervasive abuse of force by police officers, concluding instead that police use of force is situational rather than racially motivated. Nevertheless, recognizing the need for improvement, the Commission made several recommendations, many of which will be pursued this year, including clarifying existing laws governing the use of force, promulgating standards for clarifying police policies on the use of force and improving police training.

We can do more as a society, however, to condemn bias-related violence as especially intolerable. Recent events underscore the need for immediate adoption of my legislative proposal submitted jointly with Attorney General Abrams to enhance criminal sanctions against bias-related violence and intimidation.

To address the volatile atmosphere engendered by recent incidents rooted in racial, religious and other forms of prejudice, I will establish a Crisis Prevention Unit within the Division of Human Rights. In cooperation with the Institute for Mediation and Conflict Resolution, led by Laura Blackburne, the Unit will work with law enforcement agencies to investigate incidents or threats of serious inter-group tensions and facilitate peaceful resolutions.

Violence directed at another person because of race, creed, color, national origin, sex, sexual orientation or disability demands more than a criminal justice response. It demands that we all renew our commitment to a culturally rich and ethnically diverse society. The final recommendations of my Task Force on Bias-Related Violence will be available in February and will offer specific suggestions for governmental action.

Martin Luther King, Jr. Commission

A little more than two years ago this Legislature took an important step by establishing a Martin Luther King, Jr. Commission — not just a holiday commission, but a full-time, permanent body. We are proud of our commission, not only because it continues to be the only full-time, permanent commission named after Dr. King in the United States, but because it has worked diligently to fulfill its mandate and carry on in Dr. King's spirit. With that spirit in mind, the New York State Martin Luther King, Jr. Commission has recommended that we establish in New York an institute for nonviolence. I propose that we pursue the establishment of such an institute in the coming year.

South Africa

One of the great moral dilemmas facing America today is how to confront the reprehensible system of apartheid in South Africa and more adequately assist other nations on that continent. New York should take a stand by passing a sensible bill to divest our holdings in companies that have not withdrawn from South Africa. The time for debate over the nuances of our policy has long since expired, and I call on the Senate to debate and pass this measure this year.

In addition, New York should take a leading position with respect to the problems of the front-line states in southern Africa who are caught up in the web of treachery of their powerful neighbor, South Africa. We should encourage additional trade by New York firms in this region. Utilizing the proposed Harlem International Trade Center, we should also improve direct dialogue between the New York business community and the leaders of these African nations.

Advisory Committee for Black Affairs

The Governor's Advisory Committee for Black Affairs, under the able leadership of Bernard Charles, has submitted a series of comprehensive recommendations for action. Those recommendations cover a broad range of concerns within the black community, from health, social service, education, and family matters to issues of criminal justice, economic development and finance, unemployment, and arts and culture. The recommendations take into consideration the State's need for short- and long-term planning as they relate to the needs of the State's more than two million black citizens. They point to governmental actions, and they emphasize as well what religious institutions, sororities and fraternities, service groups, other

community-based organizations and individuals must do to meet these concerns. I thank the Committee and its executive director, Robert Simmelkjaer.

Opposition to a Single Official Language

We must preserve the rich cultural diversity of our state and nation. I restate my opposition to any legislation declaring English as the official language of this state or the United States.

Relations with the Indian Nations

Discussions with the nine recognized Indian Nations residing within our borders support the need for government-to-government communication. Last year we concluded this could best be accomplished directly within the Executive Chamber. Accordingly, my staff, under the auspices of the Director of State Operations, has maintained this essential function.

Recent events, including the efforts by Indian governments to regulate the proliferation of bingo and other forms of gambling within their jurisdiction, have demonstrated the wisdom of this arrangement. For example, we have coordinated the efforts of the Attorney General and the State Police to ensure that the anti-gambling laws of the Nations and the State are enforced. We will continue these efforts, recognizing both Indian claims of sovereignty and the State's own responsibilities under existing federal and State law.

We must do more. While our Indian neighbors continue to strive for economic independence, the State must cooperate with their governments to address a number of potentially serious conflicts. We will also continue to work with our Congressional delegation and the federal government toward the equitable resolution of the land claims that have been brought against the State and numerous property owners. Similarly, we must address with firm but reasoned creativity the emerging conflict between Indian and non-Indian vendors over tax policy. Although much additional work is necessary, I am confident that we are moving toward an agreement that, in principle, would establish tax equity between Indian and non-Indian retailers, thus eliminating unfair price differentials while providing the Indian governments with a steady source of revenue that they can use to better serve their people. I urge all of the participants of these negotiations to continue their efforts and come to an equitable agreement that we can bring before the Legislature for action during this session.

To further our efforts to improve State-Indian relations, the Director of State Operations will review by May 1 the current status of State-Indian relations and recommend, where necessary, changes in existing policies. In addition to focusing on economic development issues, he will also focus on the housing, health, education and other intergovernmental needs that concern our Native American neighbors.

INSURANCE

This year we are again challenged to deal with the serious issues of the availability and affordability of adequate insurance coverage.

Over the last three years we have adopted significant changes in the medical malpractice area. Many of those provisions sunset this year. The Insurance Department's study of this subject, mandated by 1987 law, will be submitted to the Legislature by April 1 of this year. I will ask you to study that report with me, so that we may design measures to provide an equitable balance between the need to contain medical malpractice insurance costs and the need to protect the rights of patients.

Also sunsetting this year are measures adopted to enhance the availability and affordability of commercial liability insurance, professional liability insurance, and public entity insurance. I will propose legislation to reaffirm the State's intention to protect consumers of insurance from the industry's recurrent cyclical swings in liability rates.

MENTAL HEALTH PROGRAMS, ESPECIALLY FOR THE HOMELESS

We have long made the case — supported by convincing data — that mental illness is not the most common cause of homelessness and that most homeless individuals are not mentally ill. However, the undeniable fact remains that mentally ill individuals usually do not have the skills or the resources to compete in today's housing market and, consequently, are often homeless. Individuals who are mentally ill and who must live in a shelter have special problems in doing so. They are likely to be victims of abuse by other shelter residents and have needed medication stolen or mistakenly confiscated. The inevitable stress of shelter life exacerbates their mental illness.

The Office of Mental Health, working with other State and City agencies, has significantly expanded services to this population. There are now Shelter Assessment Referral Program (SHARP) teams in shelters to assess individual treatment needs; over \$14 million is available each year for State-funded services specifically for the homeless mentally ill. In addition, we recently announced plans to provide intensive case management, as well as 50 beds at Creedmoor to back up a special unit at Bellevue.

OMH has also collaborated with the City of New York to develop a proposal to test a comprehensive service system for homeless mentally ill women. This proposal is a demonstration of the spirit of cooperation which characterizes our joint efforts. This cooperation is essential to our future success, and I am confident it will continue.

While outreach and treatment are critically needed by these individuals, their effectiveness will be limited unless we also provide a stable living environment. For many, OMH's community residential programs are the best answer, and we have already committed to place 1,800 homeless mentally ill individuals in these programs by 1991. We were able to make this commitment because of our success in expanding community residential programs for the general population of mentally ill individuals. In the last five years, we have increased the capacity of these programs from less than 3,000 to 5,500. In addition, we have already authorized OMH to increase the total number of beds to 8,200 by July, 1989. This year's Budget will include funds to begin development of 1,200 more.

These are major accomplishments, but there is clearly more to be done. As we look around us and see individuals whose behavior makes their illness vividly apparent, our first instinct is to insist that they be treated immediately, and without their consent, if necessary. This instinct is understandable, even humane; nonetheless, it leads to a course of action which is self-defeating. New York's involuntary commitment laws permit us to admit to treatment those individuals whose lifestyles constitute a genuine threat to their health and well-being. However, a policy of emergency short-term commitments, while appropriate in certain situations, does not constitute a sufficient long-term strategy. It will get some individuals into programs for a short period, but there are many it will not reach, nor will it ensure long-term treatment for anyone. We need new program models that are responsive to the special needs of mentally ill homeless individuals and in which they will participate voluntarily.

While these individuals generally regard formal treatment with skepticism and mistrust, it is clear that there are services they want and will use, such as a place to shower and obtain a cup of coffee, food and care for minor medical emergencies. As we provide these services in a non-threatening environment, we are also providing an opportunity for mental health workers to gain their trust.

When these individuals finally make a tentative decision to accept treatment, they need extraordinary levels of support. To assure that this support is there when needed, I will recommend establishment of Intensive Case Management Services. Through these services, a highly trained mental health professional will be available to help with crises around the clock, in addition to obtaining appropriate residential and treatment services for the individual on a day-to-day basis.

However, Intensive Case Management can only be effective if there are sufficient community residential and treatment programs available. Therefore, I recommend that we accelerate the pace of development of OMH community residential programs. In addition, many of these individuals could be accommodated in a supportive SRO, a new housing option available as a result of legislation I signed last summer.

MENTAL RETARDATION AND DEVELOPMENTAL DISABILITIES

Over the past five years, the Office of Mental Retardation and Developmental Disabilities (OMRDD) has made substantial progress toward the goal of a community system of care for persons with mental retardation and developmental disabilities. This progress is reflected in both the dramatically higher percentage of individuals who live in community residential programs and in growth in the numbers of individuals who participate in residential and other programs.

Moving individuals out of the institutional environment of a developmental center and into the home-like atmosphere of a community residence is undeniably worthwhile. We are proud that our success has made it possible to begin closing developmental centers. However, we must not lose sight of the equally compelling needs of individuals who are currently living with their families. We will continue to expand the system of care so that these individuals have access when they need it.

The accomplishments have been great and we are justifiably

proud. In 1975, when Governor Carey signed the Willowbrook Consent Decree, we had only 4,000 individuals living in community programs, while today that number is well over 17,000. However, the benefits of our progress have not always been shared equally, and we need to do more to address the inequities that remain in access to community programs.

For a variety of complex reasons, the pace of community development in New York City has been slower than elsewhere in the State, with the result that individuals living with their families have very long waits for placement. To begin to address this inequity, I am asking Commissioner Arthur Webb to formulate innovative community development strategies to ensure that the New York City area will receive a greater and fairer share of OMRDD's residential development.

For many families, in New York City and elsewhere, the most difficult aspect of waiting for a placement is uncertainty. Last year, the Legislature passed a bill which would have required a long-range plan for services to individuals living with their families. While I vetoed the bill because we disagreed with certain of its provisions, I have directed OMRDD to accomplish its goals by giving special attention to the needs of these individuals in the planning process. In addition to detailing the development of residential programs, OMRDD will consider the kinds of supportive services families need to manage comfortably during the period when they are awaiting placement. OMRDD will issue preliminary reports on this matter as soon as the information is available during the preparation of its Five Year Plan.

As we have learned more about the nature of developmental disabilities, we have become increasingly aware that many individuals who come into contact with the criminal justice system are mildly retarded or learning disabled, and require special services. OMRDD will soon open its Metro Secure Unit for Intensive Treatment; when completed, this unit will double OMRDD's capacity to serve mentally retarded individuals who are seriously aggressive, assaultive and court-ordered. I am also proposing the establishment of a Regional Forensic Services System within OMRDD. These teams will be available to the courts to assist in assessing individuals and identifying placement options. They will also collect data to assess the need for further service expansion.

PARKS

New York designated Washington's Headquarters in Newburgh as the nation's first state historic site, and we developed the Niagara Reservation as America's oldest state park. Our State continues in the forefront of providing its citizens with the finest in park and recreation facilities, as well as programs to foster enjoyment and respect for the wealth of natural and historic treasures which New York State has to offer.

Key to the continued appreciation of these unique resources is an environmentally aware citizenry. New York's park system is in a unique position to help address the recommendations of the Regents Action Plan for environmental education and interpretation. Our state parks and historic sites encompass significant geological, environmental, and cultural resources, providing ideal outdoor classrooms for school children. I will propose this year the development of a coordinated environmental interpretation program utilizing the outstanding natural and historic resources of our state parks.

Our Empire State Games, Senior Games and the Games for the Physically Challenged are known throughout the nation for providing outstanding amateur athletic opportunities for New Yorkers. This year, I propose expanding our Games for the Physically Challenged by adding a satellite location in the North Country.

Last year we provided support for the initiation of the innovative State Parks Management and Research Institute to propel our State park system into the forefront of technology and management. I am pleased to report that the Institute, located in Saratoga Spa State Park, already has received more than \$3 million in corporate donations, and is well on its way to setting the national pace for technological advances in park and recreation programs.

This past year has been one of significant progress for our Urban Cultural Parks program. Funding from the 1986 Environmental Quality Bond Act has enabled all fourteen designated Parks to begin to develop critically needed visitor centers. This development, coupled with continuing State, local and private sector investments in our Urban Cultural Parks, will provide New York's ever-growing tourism industry with dynamic new resources to preserve and market the rich heritage

of the Empire State, and at the same time renew community pride and stimulate the economic revitalization of our cities, towns and villages.

TAX REDUCTION AND REFORM

Since 1985, we have enacted two of the largest personal income tax reduction and reform measures in New York's history; first in 1985, a \$3 billion income tax reduction package and, second, the enactment of the Tax Reform and Reduction Act of 1987. The latter bill was designed, when fully effective, to reduce income tax liabilities by 18%, and return to taxpayers, by 1990, \$6.9 billion in windfall revenues that would have resulted from the federal changes. By October of this year, we will be midway to our goal of reducing the top tax rate on all personal income to 7%, down from 9%, and 13% on unearned income.

Similarly, we have launched an historic and long-awaited business tax cut, the Business Tax Reform and Rate Reduction Act of 1987. The Act reduces tax rates and, over a four-year period, returns to businesses more than \$400 million of the corporate tax windfall to the State that would have resulted if we had not reacted to changes in the federal tax code. It reduces the tax rate on entire net income to the lowest rate since 1974 and provides much-needed tax relief for small businesses.

Our tax laws must be equitable, responsive to modern times and easily understood. We will direct considerable effort over the next two years to examining other areas of our tax law that are ripe for reform. Our sales and use tax laws are now so riddled with special exemptions for specific purchasers, goods or services that the exemptions may well interfere with the very purposes they were originally intended to serve. This complexity leads to confusion among merchants, taxpayers and even tax professionals, and results in inequities and opportunities for evasion. I will ask Commissioner of Taxation and Finance Rod Chu, working in partnership with the business community, to undertake a comprehensive study of the State's sales and use taxes.

New York State's estate and gift tax is the target of deserved

criticism due to its unnecessary complexity. The Department of Taxation and Finance is studying the estate and gift tax code and will develop recommendations for reform and restructuring of the tax.

Tax Expenditure Report

Much of the complexity in our tax system results from special provisions in the law designed to encourage or reward various activities, and to provide relief to various taxpayers. These provisions in many ways supplant or supplement spending programs, although they are not subject to the same annual review.

Accountability requires us to evaluate not only our spending programs, but our foregone revenue as well. I have asked the Commissioner of Taxation and Finance, in consultation with the Director of the Budget, to review these tax expenditures thoroughly and to solicit comments from interested parties both within and without government.

Next month they will release the first in a series of discussion papers, describing many of the difficult issues that are raised in any system of tax expenditure reporting, and how other states and the federal government address these issues. This paper will be followed by a series of discussion papers for individual taxes with preliminary estimates based on the most recently available data, beginning with papers on the income tax in March and the corporate franchise tax in April.

After all the discussion papers have been released and comments received, Commissioner Chu and Budget Director Wayne Diesel will jointly publish the first annual tax expenditure report.

Tax Enforcement

Having implemented dramatic tax reductions, we are also improving enforcement of the laws to ensure that individuals and businesses pay their fair share — no more, no less. The Department of Taxation and Finance has modernized its systems and adopted innovative approaches to tax enforcement.

The Department's Revenue Opportunities Division (ROD), a thinktank for creative revenue collection initiatives and the first of its kind in the nation, is a good example. ROD's computer tape matching programs, conducted in concert with other states and the Internal Revenue Service, have produced impressive results.

We can find other ways to encourage compliance with tax laws,

and we must pursue them vigorously. There are still notable instances of tax evasion, including those involving diesel fuel and cigarettes. Although our 1985 Petroleum First Import law has significantly reduced tax evasion of certain petroleum products and is, in fact, a prototype for other states and the federal government, we have yet to address completely the widespread evasion of diesel fuel taxes. I will continue to seek a legislative remedy to this problem, and I will direct the Department of Taxation and Finance to pursue vigorously its enforcement initiatives in this area.

A recent shift in federal enforcement priorities and corresponding reductions in funding to the Bureau of Alcohol, Tobacco and Firearms make international cigarette smuggling between New York and Canada a major problem. We have recently requested that the Department of the Interior take immediate action to assist the states in curtailing cigarette tax evasion, and we will again urge Congress to restore funding for cigarette enforcement. This problem is likely to worsen without further commitment from the federal government.

STRENGTHENED ACCOUNTABILITY AND REFORM

This Message outlines a broad set of initiatives to meet the needs of the people of New York. But we cannot move forward on this aggressive agenda unless our citizens believe that they are getting fair value from their government. Heightened accountability is much more than additional auditors and new attention to internal controls. Throughout the executive branch, I will insist on pervasive, profound and tangible efforts to improve the efficiency and effectiveness of State agencies. And throughout State government, I will fight for openness in government and equal treatment before the law.

Ethics in Government and Internal Controls

Last year's legislative session brought great gains in the area of governmental reform, primarily through passage of the strong Ethics in Government Act and the precedent-setting Governmental Accountability, Audit and Internal Control Act of 1987 — two of the toughest and most comprehensive reform laws in our nation. With your continued assistance, they will mark the beginning of an important period of reform in New York.

Our bills last year strengthened the standards of conduct that apply to public officers and employees, requiring comprehensive disclosure of financial interests to guard against real and potential conflicts and establishing ethics commissions to monitor compliance with these new requirements.

Although the State Ethics Commission does not become operational until January, 1989, it should be constituted as soon as possible so that appropriate educational efforts can begin before the new law takes effect. I have already written to the Attorney General and the Comptroller to request their assistance in this effort.

Campaign Finance Reform

A vital component of our reform efforts is the important mission of the Commission on Government Integrity. The Commission, which I established last year under the authority of the Moreland Act on the recommendation of the State-City Commission on Integrity in Government, is charged with conducting the fullest possible inquiry into the laws, regulations and procedures needed to promote integrity in government. I appeared before the Commission members early last

fall, urging them to push forward to accomplish as much as they could as quickly as possible, and thereby assist us in making concrete accomplishments in this legislative session.

The Commission on Government Integrity recently submitted its initial reports. The two topics chosen by the Commission for its initial focus, campaign financing and open meetings, are, in my judgment, on target.

One of the most critically needed reforms is adoption of campaign finance legislation. As the Commission pointed out, current law in New York is a "public embarrassment." The ability to hold public office in New York State should not depend on one's wealth or one's ability to raise enormous sums of money. Yet the enormous costs of campaigns and the large contributions permitted by our present laws often operate to discourage those persons who are less affluent or have lesser access to large contributors from seeking office. Moreover, by permitting large contributions and unlimited campaign expenditures, current law creates vast opportunities for abuse and impropriety, or the appearance of impropriety. Finally, the fund-raising process is demeaning to candidates, to the citizens of our state and to the process by which we select our representatives in government.

For each of my years as Governor, I have advocated, and the Assembly has approved, sound legislation that would limit campaign contributions, reduce campaign expenditures and provide for public financing of campaigns so that wealth will not be, as a practical matter, a qualification for public office. I will press forward again this year with a bill that contains many improvements recommended by the Commission. To move forward on another of the Commission's recommendations designed to assure adequate campaign finance disclosure and strong enforcement, we will pursue promptly discussions with majority and minority in both Houses regarding the operations, management, and present and future responsibilities of the State Board of Elections.

Office of Inspector General

Two years ago I created the Office of Inspector General and charged it with uncovering fraud, abuse and corruption in agencies subject to gubernatorial control. Since its inception, the Office, under Inspector General Joseph Spinelli, has forcefully pursued allegations of official misconduct in the Executive Branch of Government, with many of its investigations leading to referrals for criminal prosecution.

Prosecution of Corruption

In our efforts to insure governmental integrity, we must be attentive to the adequacy of our criminal laws that bear particularly on our ability to investigate, prove and deter corruption. To assure that we facilitate effective prosecution of those involved in criminal conduct, I will again urge adoption of the federal standard of witness immunity. And to deter crime and promote justice, I believe we must address the problem under existing law that those convicted of corruptly using their public office for personal gain are allowed to draw a pension. I will call on the Legislature to adopt a fair and reasonable corrective measure providing for pension forfeiture in appropriate cases.

I will also propose that the Temporary State Commission of Investigation, which is charged with investigating organized crime and public corruption, be allowed to continue its important mission.

Construction Industry Strike Force

In 1985, responding to a request by New York City Mayor Koch, I directed the New York State Organized Crime Task Force to conduct a comprehensive investigation into allegations of corruption in the New York City construction industry. That investigation revealed widespread control of the construction industry by organized crime. This year, I will recommend broad-based strategies designed to break the back of corruption by changing the structural and economic characteristics that have for so long made New York City's construction industry susceptible to corruption and racketeering. I will create a special construction industry strike force to investigate and prosecute corruption in the construction industry in the metropolitan area. The new unit will be composed of prosecutors and investigators cross-designated for that purpose by the Organized Crime Task Force and the New York County District Attorney. In addition, I have initiated a private-sector effort that will bring together builders and union officials, as well as people in the business community who purchase and finance construction in the New York City area, to recommend an appropriate structure for regulating and monitoring the construction industry.

Capital Construction Reform and Reorganization

One of the most flagrant areas of waste and inefficiency is the construction of public facilities. The so-called Wicks Law, which requires separate specifications and bids for the heating, plumbing,

electrical and general contracting components of construction costs, generates substantial unnecessary expenditures that result in tremendous burdens to the taxpayer. According to a recent report submitted by the Organized Crime Task Force, the Wicks Law multiplies fourfold the opportunities for collusive agreements. Wicks also enhances racketeering susceptibility and potential by increasing opportunities for fraud, abuse, bribery and extortion occasioned by the law's prohibition on government agencies delegating to one contractor the responsibility for supervising and coordinating the four prime contractors. I will again urge reform of this obsolete, costly provision that undermines the efficiency and fiscal prudence of our public contracting process.

Many State agencies have experienced marked growth in their capital construction programs. In the case of the Mental Hygiene agencies, new approaches call for new, smaller facilities located throughout the State. In addition, a continued sharp increase in inmate population has led to an unprecedented expansion of the Department of Correctional Services' prison facilities. Proper maintenance of the State's buildings and facilities is essential to avoid more expensive replacement in the future.

In response to this increased emphasis on capital investment, I propose that we merge two existing operations into a new agency in the Executive Department, the New York State Office of Facilities Design and Construction. The new office will combine the expertise of the public benefit corporation serving the Mental Hygiene agencies, the Facilities Development Corporation, and the Office of General Services' Design and Construction Group which serves most other State agencies. This proposal continues our efforts, begun in 1987, to make the State's construction programs operate in a more business-like manner by charging client agencies on a fee-for-service basis.

Executive Accountability and Efficiency

Since passage of the Accountability and Audit legislation, the Division of the Budget, in cooperation with State Comptroller Edward V. Regan, has been building on our already extensive efforts to strengthen internal control systems. As mandated by that bill, we will be improving systems for internal control and independent audit in all State agencies, including offices headed by elected officials.

We will move the accountability agenda forward this year on several other fronts as well. I have directed all the agencies of State

government not only to determine whether the programs they operate can be conducted more effectively and efficiently, but whether they should be conducted at all. With your support in legislation, we have asked the Board of Regents to give the people of New York an annual report card on the degree to which the elementary and secondary schools of our state are achieving the goals and objectives we have established as matters of public policy — and if not, why not. The report will be specific, readily understandable and available to the public.

I have directed State agencies to initiate new programs of self-evaluation and assessment. With support from the Office of Management and Productivity, the Division of Housing and Community Renewal has completed a management analysis of the Office of Rent Administration that will lead to concrete improvements in that Office's operations.

The Department of Economic Development is breaking new ground in evaluating its programs, beginning with those that target investments to high-technology projects. In the year ahead, the Department will systematically ask the Job Development Authority, the Urban Development Corporation and the Science and Technology Foundation to develop program plans for each of their financing programs, requiring in the process that their rules and regulations as well as program direction are consistent with our overall economic strategic plan. External evaluations will be initiated for all of the Strategic Resurgence Fund programs created in the Omnibus Economic Development Act of 1987. We will insure accountability from the firms receiving financial support from either the JDA or UDC, imposing penalties, where appropriate, on those that fail to generate the number of jobs projected, and demanding adherence to the affirmative action and notification provisions of the New York Compact.

In cooperation with New York City's Human Resources Administration, the Department of Social Services is stepping up its review and oversight of child welfare and protective programs. Moreover, I have instituted programs in a number of State authorities to improve accountability by reduction in the use of outside bond counsel and through improved processes for salary review in those authorities.

Productivity Improvements

Over the past five years, we have made considerable progress

in cutting costs and improving the efficiency of State government. We have eliminated 4,000 forms and simplified 700 others, freeing the business community, local governments, the general public, and State agencies from burdensome paperwork and unnecessary regulations while saving them \$40 million annually. In much the same fashion, I have asked the Council on Children and Families, working with the Office of Management and Productivity, to identify and reduce the administrative burdens placed by State agencies on not-for-profit institutions which provide child care services, by reducing duplicative and cumbersome reporting requirements that are not required to maintain programmatic accountability. They have completed their analysis of these issues and have already begun to implement a number of recommendations that will lead to more streamlined procedures.

We continue to explore other ways of making government more responsive and accessible. For example, we instituted evening hours at our regional Department of Motor Vehicles offices and have installed "hotlines" to provide quick help with taxes, acquiring social services benefits and even making business plans. Such hotlines also make it possible for citizens to report environmental hazards, child abuse cases, fire code violations and other gaps in government's response to the direct needs of its citizenry.

Because it is always appropriate to review how we discharge our regulatory responsibilities, I have initiated programs of regulatory review and reform monitored by the Office of Business Permits and Regulatory Assistance. Keeping in mind that regulations' primary purposes are to protect health, safety, and public welfare and to provide for an orderly marketplace, when serious questions arise about their adequacy, necessity or appropriateness, we must make special efforts to scrutinize them.

My annual Productivity Awards have recognized State employees for their accomplishments in improving services and saving more than \$22 million. We are putting in place modern systems to improve tax collection and reduce fraud, to speed lien filings under the Uniform Commercial Code through the use of advanced automation technologies, to improve mail handling and cut costs through cooperative programs with the Postal Service, and to simplify operations in many State agencies.

But much remains to be done. I have asked my Special Assistant for Management and Productivity, Dall Forsythe, to accelerate his efforts to measure and track agency productivity and performance.

Initial data collection has begun in our largest State agencies, with 13 departments targeted for this year's efforts. The resulting information will form the basis of performance measures for critical operations of those agencies. These measures will be published this summer in an operations report, detailing for public scrutiny the performance of those agencies in their principal activities. The Business Council has offered assistance in this task, as has the New York Telephone Company, and we have accepted.

Modernization of the Office of Governor and Lieutenant Governor

My own experiences as Lieutenant Governor and as Governor have taught me that the office of Lieutenant Governor, when properly constituted and filled, can improve significantly the operation of the Executive Branch of State government. Stan Lundine and I agree that our close working partnership could become the rule, rather than the exception, if critical structural reforms are adopted.

Thus, the Lieutenant Governor joins me in recommending that the Governor and Lieutenant Governor be nominated as a team, thereby ending the possibility of a four-year relationship that has little potential to serve the people well. I will also call upon the Legislature to give first passage to a constitutional amendment that would enable the Governor to appoint a Lieutenant Governor, should that position become vacant, remove the anachronistic "absence from the state" clause from the Constitution, and add a procedure for both voluntary and involuntary declarations of gubernatorial inability to govern.

Alcoholic Beverage Industry Regulation

I salute the head of the State Liquor Authority, Tom Duffy, for his leadership in implementing new ways to enforce the Alcoholic Beverage Control Law and to speed licensing and disciplinary procedures. But he is hampered in his task by a law whose provisions are, in many instances, outdated, cumbersome and of questionable value.

It is also time to review the entire law and the structure of the State Liquor Authority itself, with a resolve to make necessary, perhaps even radical, changes. We will take into consideration the concerns of those who produce, distribute, and market wine, beer and spirits, as well as the concerns of law enforcement agencies and those involved with the devastating effects of alcoholic abuse. I will establish an

Alcoholic Beverage Control Law Review Commission to include the State Liquor Authority, the Director of Criminal Justice, the heads of the Division of Alcoholism, the Departments of Agriculture and Markets, Economic Development and Environmental Conservation, and the Division of the Budget, appropriate representatives of the Legislature, the affected industries and the public. The Commission will consider all aspects of the law and its regulatory scheme and recommend revisions.

Open and Participatory Government

We also must remember the critical role of the press in assuring an honest and open government. For the press to meet its responsibility effectively, protections must be accorded to both confidential and non-confidential sources of information. I will submit legislation to provide these protections. While rights and privileges of the press can be abused, we must recognize the vital need to provide those rights and privileges so that the press can better fulfill its function of promoting accountability.

In its report on the Open Meetings Law, the Commission on Government Integrity stressed again the importance of requiring local governments to open their political caucuses and conferences to help promote public participation and avoid backroom decision-making. As the Commission pointed out: "Private discussion and resolution of public issues breeds cynicism; cynicism breeds apathy; both undermine the accountability of elected officials and erode confidence in the integrity of government." I will submit legislation, as I have in the past, to ensure such openness in a manner consistent with legitimate local concerns.

Openness is important for all levels of government. I welcome Speaker Miller's recent policy to make available to the public more of the Assembly's records in a manner consistent with the Freedom of Information Law. While it is ultimately for the Legislature to decide the degree to which the Freedom of Information Law will apply to its own records, I urge both houses to join in enacting legislation that makes the Freedom of Information Law a fair and reasonable assurance of the public's right to know.

The strength of our democracy and its success in responding adequately to the needs of our citizens depend on the participation of all citizens in our electoral system. We have taken significant steps to encourage New Yorkers to register and to vote through

implementation of the recommendations of the Temporary Commission on Voting Machine Equipment and Voter Registration, and through Executive Order No. 42, which facilitated voter registration by mail. For example, the Board of Elections has so far received over 100,000 requests for voter registration forms as a result of including request cards in routine mailings by the Department of Motor Vehicles.

Despite these efforts, the levels of voter turnout in New York State remain unacceptably low. I will support the Board of Elections request for a major public awareness campaign focusing on registration, and request that the Board coordinate its efforts with those of non-profit organizations, private sector firms and local governments.

Last November, I appointed the Task Force on Encouraging Electoral Participation. It will soon report to me on ways to foster greater participation by eligible citizens in our electoral process. By examining the question of why people fail to vote, we can begin to remove many of these impediments to participation and thereby invigorate our democratic system.

We also must take affirmative steps to facilitate access to the ballot by interested candidates, and repeal insignificant technical requirements in the Election Law which often preclude otherwise viable candidates. I will submit new legislation to address these problems and facilitate easier access to the ballot. I will also continue to press for legislative solutions to the serious impediments that occur when a polling place is inaccessible to persons with disabilities, or when young people are blocked from voting in their college communities.

CONCLUSION

The start of a New Year is the occasion when we take stock of our aspirations and obligations. Those of us privileged to serve the people of this state have a special responsibility to remember and rededicate ourselves to our fundamental mission to improve the lives of the men, women and children in this Family of New York.

Over the last five years, we have worked together in reasonable, intelligent bipartisanship to expand the horizons of opportunity for people in every region of our state, particularly for those who have been traditionally bypassed. We could not have done it as effectively if we had not been willing to forge agreements that transcended narrow partisanship and political ideology. I believe we have served the people well, producing tax cuts to fuel the economy, increasing the support of education at an unparalleled rate, nurturing business-labor-education-government cooperation in both the public and private sectors, producing new housing in the face of difficult market conditions and the withdrawal of federal subsidies, and undertaking the most sweeping programs to improve the transportation and environmental infrastructures in this state's history.

We've called our governance, the New York Idea, a NEW REALISM that blends compassion and common sense, governs with both our hearts and our heads, and leads to progressive pragmatism.

Now we look ahead to the twenty-first century. It is a time of challenge and a time of opportunity. We are shaping that next century — actually beginning to build it — in the actions we will take at this legislative session.

The child who enters pre-kindergarten next September will enter the work force in the next century. The programs we create now will substantially influence not only his or her personal success, but also the ability of our society to compete in the global economy and polity in a humane and enlightened way.

Our investments today in roads and bridges, in clean air and water, in quality schools, colleges and universities, in affordable housing — these are the investments that will pay dividends for generations to come.

I have spoken of the need for accountability. Our resources, both financial and human, are not limitless. Unless we monitor our spending

and improve our efficiency, we will not accomplish our objectives. Every public official and citizen of this state carries this responsibility. In the year ahead, we will initiate several intensive efforts to improve our accountability to the people whom we serve. We will look for new methods of evaluation, new opportunities for improvement — not as ends in themselves, but as necessary elements of our basic strategy.

This, then, is our mission. To build the next century now. To widen the circle of opportunity. To open our hearts and use our minds for the benefit of all.

It is a privilege to be able to share it with you.