

NEW YORK STATE BUDGET SUMMARY

1956 - 1957



"It is easy to *speak* about the activities and finances of the State and to propose this or that action when one has only a part of the picture. But it is not easy to *act* responsibly and sensibly on the basis of a few snapshots of the complex governmental panorama. The making of the annual budget provides the most effective and timely occasion for the making of the basic decisions which are our common responsibility."

Governor Averell Harriman

From the February 1, 1956, Budget Message
to the Legislature

NEW YORK STATE BUDGET SUMMARY, 1956 - 57

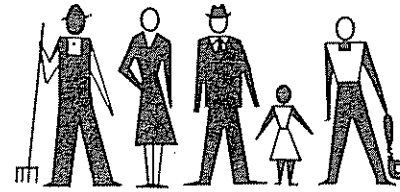
TABLE OF CONTENTS

Published by
EXECUTIVE DEPARTMENT
DIVISION OF THE BUDGET

| | PAGE |
|---|------|
| INTRODUCTION | 3 |
| HIGHLIGHTS | 4 |
| THE FINANCIAL PLAN | 7 |
| MAJOR STATE FUNCTIONS | 9 |
| Education | 10 |
| Health and Mental Hygiene | 13 |
| Highways and Highway Safety | 16 |
| Public Welfare | 18 |
| Public Safety | 23 |
| Services to Agriculture, Business and Labor | 25 |
| Natural Resources and Recreation | 27 |
| General Government | 30 |
| Non-Allocated General Costs | 33 |
| INCOME | 34 |
| LOOKING AHEAD | 37 |
| APPENDIX | 39 |
| New York State Funds | 40 |
| Tables | 42 |
| Selected Source Material on State Finance | 48 |

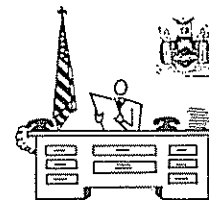
INTRODUCTION

State government exists to provide services for the people. New York State has a population of over sixteen million. Its agriculture and industry are as varied as its cities, towns and villages, which range



from New York City to small hamlets in the State Forest Preserve. In order to meet the needs of all its citizens, the activities of the State's government must also be varied. Its programs presently include such

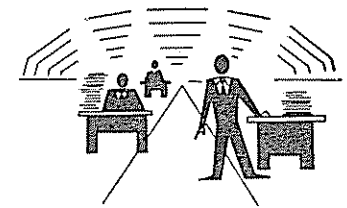
diverse services as the care of the mentally ill, the promotion of travel within the State, operation of a State University and the licensing of real estate brokers. New York State furnishes extensive financial assistance to the large number of local governments within its borders. It also constructs and maintains highways, buildings, and other capital facilities.



To coordinate these activities and to provide for their financing, the State Constitution requires the Governor to prepare annually a comprehensive plan of proposed expenditures and anticipated income for the next fiscal year. This plan is known as the Executive Budget. The Governor is required to submit the Executive

Budget to the Legislature by February 1. The Legislature may strike out or reduce any item in the Executive Budget, and may add items to it. Subject to the Governor's approval, the Legislature may also authorize other expenditures. The budget which is ultimately adopted, therefore, represents the combined action of the Governor and the Legislature.

This booklet presents the State's budget as adopted for the current fiscal year, and describes the State's major programs. The expenditure and income estimates for 1956-1957 are those prepared for the Executive Budget adjusted to reflect changes made during the legislative session. These estimates will be subject to revision, as operating realities require. Construction expenditures are most apt to require adjustment because of such factors as the steel shortages and unseasonable weather, which have already altered this year's construction schedules.



HIGHLIGHTS

State Aid for Education

The recent recommendations of the Temporary Commission on Educational Finances provided the basis for a major upward revision in the State's program of aid for education. The Commission's original proposals were expanded by the Governor and the Legislature. The new education aid formulas enacted this year provide greater financial assistance to localities for meeting both regular and special needs and will permit higher minimum teaching salaries and greater assistance for basic education programs throughout the State.

State aid for primary and secondary education will amount to \$428 million in 1956-57, an increase of \$66 million over last year. Of this increase, \$34 million is due to the new changes in the law and the remainder largely a result of higher school enrollments.

The increased cost to the State of the formula changes will be more than \$90 million in 1957-58. This amount, when added to the expenditure increases required by rising attendance, will raise State aid for that year approximately \$150 million above 1955-56.

State University

Plans are now underway for the construction of new buildings at many of the State University's schools and colleges, in order to improve the existing plant and prepare for expected increases in future enrollments. Studies are also underway to determine the site of the newly-authorized teacher training institution to be located on Long Island. This year the amount of money authorized for construction projects for the University is five times greater than the amount authorized last year.

Highways and Highway Safety

A new \$126 million highway program, which will make maximum use of available State funds and expanded Federal aid for highway construction, has been announced by the Governor. This new highway plan is in addition to the expenditures already planned for the year ending March 31, 1957 and will constitute the largest toll-free highway construction program in the history of the State. The new program, which will require several years, is designed to bring the State closer to its goal of a modern highway system. Further steps to achieve this

goal will depend upon approval by the voters in November of a \$500 million bond issue for highways and the development of additional sources of financial support.

New highway safety measures were enacted during the 1956 legislative session. Drivers, unless self-insured, will be required to carry liability insurance, providing financial protection to persons involved in accidents with State-registered motorists. Automobiles over four years old will be inspected for safety in order to reduce accidents caused by mechanical defects, and a medical testing center will study driver fitness and compare physical and psychological characteristics of selected groups of drivers.

Mental Health

New emphasis has been placed on research, training, drug therapy and intensified treatment in the State's mental hospitals and schools to accelerate progress in the prevention and treatment of mental illness. New day hospital care programs and expanded after-care clinics are being used for the care of the mentally ill. Local mental health programs are also increasing with the assistance of State moneys. New York State now cares for over 116,000 patients in its mental hospitals and schools at a cost of \$164 million, and will spend an additional \$50 million this year for mental hygiene construction and other mental health programs.

Tax Reduction

A reduction in this year's personal income tax has saved State taxpayers \$39 million. Each taxpayer received a reduction of 15 per cent on the first \$100 of tax and 10 per cent on the next \$200 of tax.

Additional personal income tax savings will be provided by the new "humanizing amendments" which will allow additional exemptions for the aged and the blind, deductions for child care expenses incurred by working mothers and widowers, and more liberal medical deductions. These "humanizing amendments" will save taxpayers about \$10 million a year beginning in 1957-58.

Legislation was also enacted to relieve the financial plight of bus companies in the State. The gross receipts tax was amended to exempt the first \$500,000 of gross income per year of each bus company subject to the tax. This tax relief will help maintain transit service in many communities where bus lines are in serious financial difficulty.

State Employment

State employees received a \$300 increase in annual pay in order to raise State salaries in comparison with other jurisdictions and improve the State's ability to recruit qualified personnel. Over 33,000 State employees formerly working 44 or 48 hours a week have had their regular workweek reduced by four hours with no reduction in pay. New York State also will contribute to the financing of a new employee health insurance program to be undertaken this year.

Program for Youth

The Youth Commission became a permanent State agency this year and increased funds were provided to permit the Commission to intensify its activities for the prevention of juvenile delinquency.

Services to the Aging

Greater attention to the increasing importance of the aging in New York State's population began last year with the appointment of a Special Assistant to the Governor, and in October 1955 over 400 persons participated in the Governor's Conference on Problems of the Aging. Various State departments and agencies are now conducting studies and providing services to assist the aging in matters of health, housing, employment, education and recreation.

Combatting Low Incomes

Among new programs being undertaken this year are activities aimed at increasing the productivity and earnings of low-income groups within the State. This work includes research into the causes and problems of substandard income, development of a program of training to increase earning capacity, and demonstration case-work services to assist certain families in social and economic rehabilitation.

Surplus Food Program

During 1956-57 New York State for the first time will participate in a Federal program, in existence since 1951, to make surplus food available to needy families. Food commodities with a retail value of over \$40 million a year will be available to the State and its localities for

distribution through private stores. The program will be carried on by local welfare departments assisted by State agencies, and will benefit approximately 500,000 families when in full operation.

Aid to Small Business

Almost 98 per cent of the business firms in this State employ fewer than 50 people, and about 40 per cent of the working population is employed by these firms. Small and medium-sized businesses often require technical assistance beyond the capacity of their own resources. A new program of expanded services to small business is underway in the Department of Commerce on a pilot basis, and three forums have already been held to explore the problems of small businessmen. These forums consist of talks by specialists followed by workshop discussions with individual businessmen.

Per Capita Aid

New York State provides general financial aid to its cities, towns and villages in addition to assistance for specific local programs. This general aid is based on the population at the last Federal census, and has been adjusted for changes in population only at ten-year intervals. However, legislation enacted this year permits localities to have interim censuses in order to secure a larger amount of per capita aid. This will benefit rapidly growing communities.

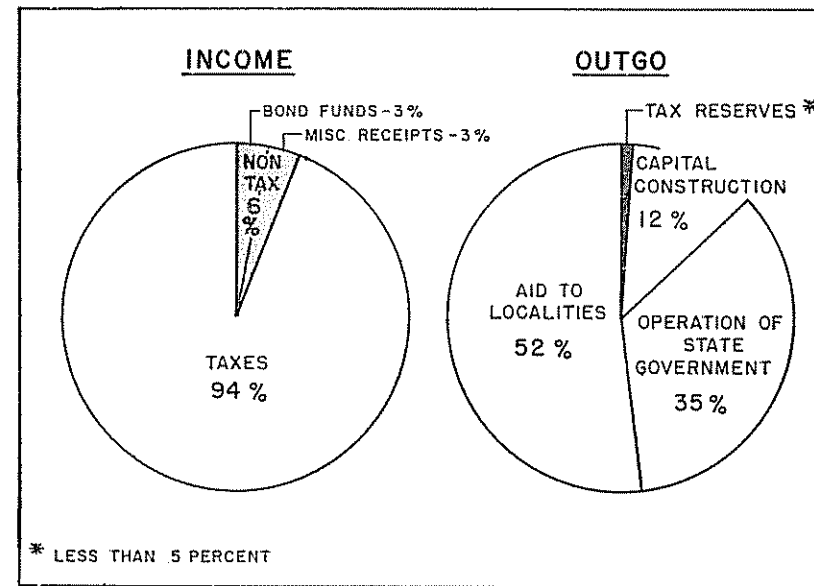
THE FINANCIAL PLAN

During the fiscal year which ended on March 31, 1956, New York State outgo totaled \$1,314.6 million. Income for the same period totaled \$1,368.6 million. The \$54.0 million excess of income over outgo will be used for building and highway construction purposes, in order to provide the maximum amount possible to meet the extensive construction needs of the State.

The budget adopted for the current year anticipates that total outgo will be \$1,491.4 million, of which \$778.4 million will be paid to localities as State aid, \$527.6 million will be spent for the operation of State government and \$185.0 million for construction of capital facilities. Income is expected to total \$1,440.7 million, with taxes providing \$1,352.0 million, bond funds \$38.4 million, and other revenues \$50.3 million.

The State's operating expenditures, which cover all functions except construction, will be financed from taxes and other current revenues. Sixty per cent of all State operating expenditures will be for aid to localities and 40 per cent for the operation of State government. Construction expenditures will be financed in part from moneys set aside in previous years for this purpose.

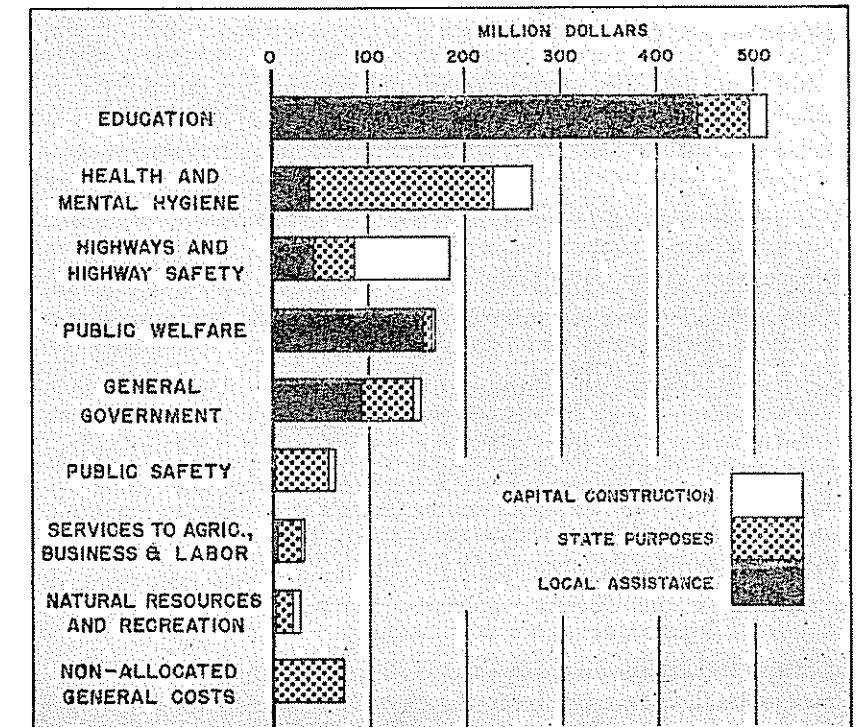
TOTAL STATE INCOME AND OUTGO 1956 - 1957



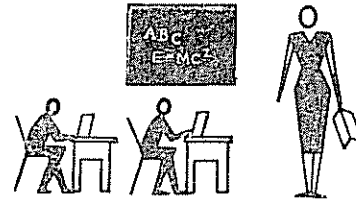
MAJOR STATE FUNCTIONS

Expenditures have been grouped into nine major categories or functions. The graph below shows the total amount to be spent for each function. It also indicates the amounts to be spent for State aid to localities, for the operation of State government and for construction, since a particular governmental function may require all three types of expenditure.

ESTIMATED STATE EXPENDITURES BY FUNCTION 1956 - 57



EDUCATION



New York State spends a third of its budget on education, mainly for general supervision and financial assistance to local public schools throughout the State and operation of a State University. New York is a leader among the states in the

scope of its education activities, which include the public schools, technical and professional schools, vocational rehabilitation, and adult education programs. This year, the State will spend approximately \$513.3 million for educational purposes.

Elementary and Secondary Schools . . .

Approximately two and one-half million children attend public elementary and secondary schools in this State. The educational programs of localities are supported by State financial assistance and supervisory services. Direct payments to localities account for 83 per cent of State expenditures for education this year. The broad purpose of these payments is to give every child an opportunity for an adequate education. The State's aid to localities is based on formulas which take into account varying economic resources and enrollments in school districts and communities. Additional aid is available for school building construction in rapidly expanding districts, for school lunch programs and for special classes for handicapped children. Regular increases in State aid occur each year due to higher school enrollments. This year, in addition to such mandated increases, the budget provides for increases in the State's proportionate share of educational costs. These increases were originally proposed by the Temporary Commission on Educational Finances and expanded by agreement of the Governor and the Legislature. Accordingly, this budget provides a total additional expenditure of \$65.6 million in payments to localities for increased aid to education. The full effect of the increased aid will be realized in the 1957-58 fiscal year when State aid is expected to be about \$150.0 million higher than in the 1955-56 fiscal year.

The public schools of New York State are locally administered and operated. However, the State furnishes administrative, instructional and research services to help local school districts maintain acceptable

educational standards. This is done mainly by providing information to improve educational programs. Other services include preparation and rating of examinations, assistance with school building plans and business management, and development of curricula. The State also evaluates and certifies qualifications of teacher applicants for school districts, and provides general supervision for school districts operating without superintendents.

In addition to services and assistance given the public school system, the State operates a school for the blind, supervises the education of deaf and blind children in private schools, maintains a special school for Indian children and provides services to Indian children attending other schools.

Higher Education . . .

The State supports higher education by operating the State University, supporting an extensive scholarship program and subsidizing local programs.

The State University comprises institutions of higher education in a variety of technical and professional fields. The State supports a liberal arts college and eleven teachers colleges; the Medical Centers at Syracuse and Brooklyn; programs at Cornell University which include the College of Agriculture, the College of Home Economics and the Veterinary College, the School of Industrial and Labor Relations, the Geneva Experiment Station, and two additional State-owned buildings for military training and auditorium purposes; the College of Ceramics at Alfred University; the College of Forestry at Syracuse University; the Maritime College for merchant marine training in New York City; and six Agricultural and Technical Institutes offering two year courses in agriculture, home economics, and various technologies. The State also largely supports the School of Nutrition at Cornell. This year increased expenditures will be required to accommodate rising enrollments at the teachers colleges and the staffing of recently completed facilities at the two Medical Centers. Expenditures for the operation of the State University will approximate \$36.1 million.

Continued improvement of existing capital facilities is also necessary if the State's colleges and schools are to meet the anticipated expansion in enrollments over the next decade. New instructional build-

ings, expansion of existing facilities and other improvements at the State University are expected to cost \$14.3 million this year. To provide further improvements, a fivefold increase has been made over last year in the amount of money authorized for capital projects of the State University. Planning for all the projects included in this year's \$39.2 million authorization will be started this year.

Another important requirement of the State University program is the provision of adequate dormitory facilities for increasing enrollments. A three-stage construction program subsidized by the State is underway. The first stage is completed and provides for 3,281 students. The second stage, providing accommodations for 3,400 students, was authorized this year and the projects are under final planning. Preliminary planning has begun on the third-stage projects which will accommodate 3,725 students. Total expenditures for dormitory construction subsidies are expected to be \$2.5 million in 1956-57.

The State promotes educational opportunity by awarding Regents university scholarships, war service scholarships, scholarships for children of disabled veterans, and scholarships for the study of medicine, dentistry and nursing. This year 500 engineering scholarships and 30 additional nursing scholarships will be established. In awarding the new engineering scholarships, economic need of the student will be considered for the first time in determining the amount of the award. The number of scholarship holders will increase from 14,890 in 1955-56 to 17,454 in 1956-57. The cost of the scholarship program will be \$5.0 million.

Two programs assist local government in financing higher education. Under the community college program, the State contributes one-third of the operating costs and one-half the capital costs of eleven locally sponsored and operated community colleges. As a part of its teacher-training program the State also gives aid to New York City for teacher training carried on in the municipal colleges. The costs of these programs to the State will be approximately \$11.3 million in 1956-57.

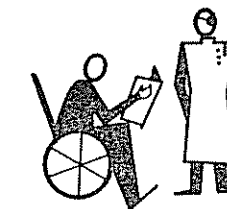
Other Programs . . .

The Education Department maintains the State Library and also provides advisory assistance to other libraries. In addition, local public libraries are eligible for State financial aid upon approval of their plans of library service.

Another continuing program of educational benefit is the vocational rehabilitation of physically handicapped persons. Through a program of counseling, medical treatment and vocational training, over 5,000 persons will be assisted this year.

A program in closed circuit television as an educational technique is being undertaken this year and will include experimentation in classroom use both for teaching and for teacher training observation. Another new function will be State aid for an adult recreation council and for adult education programs for the aged, authorized this year as part of the new program for the aging.

HEALTH AND MENTAL HYGIENE



Public health departments were first organized to prevent the spread of communicable disease, and mental health agencies to provide institutional care for the mentally ill. Within recent years these objectives have broadened to include more positive services in addition to traditional functions. Today, New York State is investing increased funds in its programs of research in chronic and mental illnesses and is intensifying and improving its institutional treatment of the mentally ill. Activities of the Health and Mental Hygiene Departments stress the prevention of illness as well as treatment. In 1956-57 the State will spend \$270.4 million, or 18 per cent of its budget, to maintain and improve the health of its citizens.

Mental Health . . .

Mental illness is the largest single health problem faced by the State. There are 116,000 patients in the 27 State mental institutions which include 18 hospitals, six schools for mental defectives, a colony for epileptics and two institutions devoted to research. The care and treatment of patients at these institutions will cost the State an estimated \$164.4 million, or 11 per cent of the total budget.

More hospitals are needed to reduce overcrowding and provide more adequate modern facilities. To meet this need, New York's voters in 1954 approved a \$350 million bond issue for the construction of new and enlarged mental health facilities. This year \$37.2 million charge-

able against the bond issue will be spent in the construction of new facilities for 1,890 patients, and to modernize existing facilities. Contracts will also be let during the year to provide construction for an additional 1,500 patients.

Patients discharged from mental institutions must be helped to adjust to community life. For this purpose the Mental Hygiene Department operates four after-care clinics. The services of these clinics, which are designed to reduce the number of readmissions, will be provided for about 8,000 patients in 1956-57.

In the hope of developing new and improved methods of treatment, the Department of Mental Hygiene has begun an expanded research program making greater use of drug therapy and intensive treatment for new patients. It is too early to draw definite conclusions, but there are hopeful signs that the number of patients who respond to treatment is increasing. Mental health research is also being done on alcoholism, mental retardation and emotionally disturbed children.

Many cases of mental illness can be aided without hospitalization through a program of early detection and preventive treatment. The services offered by the State's child guidance clinics often prevent minor disorders from requiring eventual hospitalization. To encourage preventive mental health services at the local level, the State has offered to pay cities and counties of over 50,000 population half the costs of such services, up to \$1.00 per capita. At the present time New York City and 13 counties are participating in this program, and five more are expected to begin in 1956-57, bringing about 80 per cent of the State's population under this program. This year the State expects to spend \$6.8 million for support of community mental health services.

Tuberculosis . . .

Modern outpatient and clinic services are available in addition to the improved care and treatment for resident patients in the State's tuberculosis hospitals. Because the over-all tuberculosis hospital population is decreasing, it will be possible this year for the State to transfer the Hermann M. Biggs Memorial Hospital to Tompkins County for use as a general hospital. Continuation of the State's tuberculosis hospital program will cost \$7.8 million in 1956-57.

The State also pays half the cost of the care and treatment of tuberculosis patients in local institutions. Progress toward the control of this

disease has made it possible to close several of these local institutions and has reduced the patient populations in others. While expenditures will drop approximately \$0.7 million this year the significance of this tuberculosis care program is indicated by the \$12.5 million which will be required for its operation.

General Public Health Work . . .

The Department of Health carries on programs to control the spread of communicable diseases, promote maternal and child health and improve dental health. Cities and counties which maintain local health departments are reimbursed by the State for at least 50 per cent of their expenses. The poliomyelitis vaccination program, added last year to the list of reimbursable programs, has kept New York State in the forefront of the national polio prevention campaign. In 1955 the State made a major contribution to the evaluation study of the polio vaccine. This year it is paying part of the cost of an expanded program for vaccination of pregnant women and children between the ages of six months and nineteen years. The cost of general public health aid in 1956-57 will be \$15.4 million.

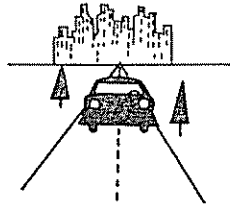
The State also reimburses cities and counties for half of the expenses of caring for physically handicapped children and adult polio victims, and of operating laboratories and blood banks. These programs will cost the State approximately \$3.9 million this year.

Research is becoming increasingly important in public health work. With the resources at its disposal, government is able to undertake the necessarily expensive research into the causes of diseases which take many lives each year. New York's major health research project is the Roswell Park Memorial Institute in Buffalo, one of the world's largest institutions devoted to the study of cancer. This program will cost \$5.4 million in 1956-57.

The State is also conducting a research program at its rehabilitation hospital. At this institution, where physically disabled persons of all ages are treated, a pilot program is underway to study and evaluate the rehabilitation of disabled persons now receiving public welfare assistance. The hospital will spend \$1.8 million in 1956-57 to provide its services.

Research is being continued this year on heart disease and other chronic illnesses. A new experimental study, the first of its kind in the United States, will be begun on the rehabilitation of narcotics addicts.

HIGHWAYS AND HIGHWAY SAFETY



State and local roads must provide safe driving conditions for over six million New York motorists, in addition to millions of out-of-state visitors. The State's highway program and the problems it presents are immense, and an expanded program of highway construction was begun this year to meet more of the State's highway needs. New York now plans to spend \$183.0 million on highways and highway safety projects this year, or 12 per cent of total State expenditures. This amount includes regular payments made to localities to assist in the costs of building, maintaining and repairing local roads.

The Governor has authorized a \$126 million highway program to make full use of available State and expanded Federal highway funds. This new program is in addition to work already under contract and is expected to be financed by \$35 million in State funds, \$85 million in Federal aid, and about \$6 million which will be provided by cities as their share of the cost of the urban arterial program.

A sustained expansion of the State's highway system and the method of financing such an expansion will depend to a large extent on approval by the voters in November of the proposed \$500 million State bond issue for highway construction, and on the availability of increased Federal aid for highways.

Construction, Reconstruction and Improvement of State Highways . . .

The serious highway situation in the State was made even more acute this year by a series of severe weather disturbances which transformed what ordinarily might have been part of the maintenance and repair program into major reconstruction projects on many of the State's highways. Many miles of main and secondary roads were severely damaged by last summer's floods and further damage was caused by snow, ice and abnormal freezing conditions this winter. Funds were made available immediately to meet this emergency, and it is expected that \$4.0 million will be spent for this purpose this year. Total State spending for the construction of highways, parkways and bridges, and for the elimination of grade crossings, will be \$96.8

million this year, or 16 per cent more than last year. To assure continued progress in improving the State's highway system, an estimated \$252.7 million in additional contracts to be paid from State and Federal funds will be let this year for the construction, reconstruction and improvement of the State's highways.

Maintenance and Repair of State Highways . . .

The gap between highway construction and the needs of the public have made the proper care of existing highways a matter of paramount concern. Reflectorized pavement marking, removal of dead trees adjacent to the highways, and snow and ice removal are essential to road safety. Patching and subsealing of pavement, bridge painting and repair, and the purchase of equipment, supplies and material are also necessary for an adequate highway maintenance program. The maintenance and repair of over 13,000 miles of State highways at an approximate cost of \$2,700 per mile will require a working force of about 6,100 this year. The program is expected to cost \$34.7 million.

County and Town Highways . . .

The State provides financial support to county and town highways by returning to the counties a part of the highway user tax revenues. An amount equal to 10 per cent of motor fuel tax collections is distributed among the 57 counties outside of New York City for highway purposes. The State also pays these counties 25 per cent of the motor vehicle license fees collected from their residents. Payments under both methods of distribution will total about \$33.8 million this year.

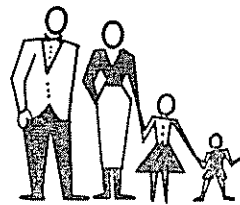
The State further assists localities in the construction, reconstruction and improvement of local highways and highway facilities through special road programs for town highways and county roads. All of the upstate counties and towns participate in one or more of these programs, which will cost the State about \$10.4 million this year, or five per cent above last year. This amount will further increase next year because of recent amendments to the law which were approved by the Governor. Minimum State aid for town highway maintenance will be increased from \$37.50 to \$75.00 per mile, the first change in this rate in nearly 25 years. The special ten-year town highway program also will be stepped up next year to permit State participation in projects costing up to \$9,000 per mile instead of \$7,000 per mile under this program of highway improvement.

Highway Safety . . .

The Bureau of Motor Vehicles anticipates an increase of 250,000 automobile registrations and 225,000 operators' licenses during 1956-57. Steady growth in the use of the State's roads requires better safety measures for the protection of the motorist and pedestrian. Two important new State programs for reducing the number of traffic accidents are the motor vehicle inspection program to guard against mechanical failure and the driver research program and testing clinic, which will provide information on the physical and mental factors in accidents. These functions are in addition to the continuing program for dealing with problems of traffic regulation and control. The completion of the New York State Thruway from Yonkers to Buffalo has drastically altered traffic patterns on nearby roads, and improvements in urban arterial highways alter the flow of traffic within cities. Traffic regulations must adjust to these changes. Direct State costs for the operation of the Traffic Commission and the Motor Vehicle Bureau, including the administration and enforcement of safety measures, will approximate \$7.2 million this year.

To alleviate the tragic consequences of highway accidents, a law requiring automobile insurance was enacted at the 1956 session of the Legislature.

PUBLIC WELFARE



The general public benefits from the well-being of all groups within our society. New York State has long been concerned with providing assistance to those in need, and supervises an extensive system of public assistance supported by Federal, State and local funds. The State also supervises all agencies and institutions which care for those in need, and operates seven State institutions. As a result of growing interest in the prevention as well as the relief of social problems, the State has undertaken programs to provide better housing, to prevent juvenile delinquency, to meet the problems of the aging, and to help the consumer. This year public welfare activities will require State expenditures of approximately \$167.7 million, or 11 per cent of all State expenditures.

Public Assistance Programs . . .

Public assistance programs, which help maintain persons in their own homes who would otherwise require institutional care, are primarily the responsibility of the State's 66 local welfare districts. Last year an average of 430,000 New Yorkers received some type of public assistance each month. Both the Federal and State governments contribute to the public assistance programs. At the present time New York State turns over to its localities all moneys received from the Federal government for programs that aid dependent children, the aged, the disabled and the blind. The State then pays one-half the remaining costs of these and other State-authorized programs. State aid payments for these four programs, for home relief and for other programs of public assistance and care will total \$133.9 million, six per cent above last year. This increase is due largely to an anticipated rise in the number of dependent children and to the higher cost of medical and hospital care required by the aged and disabled. This year the Federal government will contribute approximately \$96.2 million for old age assistance and aid to dependent children, the disabled and the blind.

Supervision of Public and Private Welfare Activities . . .

The Department of Social Welfare is empowered to inspect all public and private institutions and agencies engaged in welfare activities. This includes approximately 2,400 hospitals, child-care and child-placement agencies, public homes, shelters and dispensaries. It also includes the work of the 66 local public welfare districts. Supervisory activities for all welfare programs will cost the State about \$3.3 million this year.

Operation of Welfare Institutions . . .

Although most welfare services are provided by private agencies or by the local welfare districts, the State maintains and operates seven welfare institutions. Last year 2,900 boys and girls were cared for in the State's five training schools, which receive delinquent youths committed to the State's custody by the courts. A program of rehabilitation that includes academic and vocational training, counseling, and recreation helps prepare them for return to their communities. Expanding populations and improved standards of care will require the expenditure of \$5.3 million to operate these schools this year.

Under a new program of aid, localities will be reimbursed this year for one-half of their expenses for the care of juvenile delinquents in local facilities, at a cost to the State of \$1.8 million. In turn the State will be reimbursed by its localities for one-half the cost of caring for delinquents in State institutions.

The State operates a school for indigent Indian children at Iroquois. It also maintains a home at Oxford for veterans of World War I, the Spanish-American War and the Civil War as well as their wives, widows, mothers and daughters. Operation of these two institutions will cost \$0.9 million this year.

Housing Programs and Studies . . .

The State participates in several programs directed toward better housing. One of these is the low-rent housing program under which the State may make loans to a municipality or housing authority for the entire cost of a low-rent housing project. The voters have authorized the issuance of bonds totaling \$885 million for this purpose. This year five low-rent housing projects providing 2,781 apartments are scheduled for completion and an additional 9,361 apartments are under construction. The State also subsidizes such projects in order to assist in maintaining their low-rent character. All payments made by the State for this purpose are matched by the municipalities concerned through tax exemption, municipal services or cash subsidies. This year subsidies for 37,600 apartments in 62 projects will cost the State \$12.7 million.

The State supervises a limited dividend housing program under which the builder agrees to limit his profit to six per cent and the municipality agrees to maintain the original assessment rates on the property. This program presently extends to 11,144 apartments in 21 projects. This year for the first time the State is also giving support to a limited profit housing program. Under this program loans for 90 per cent of total costs are made to private housing companies undertaking middle income housing without subsidy. Voters have already authorized the issuance of bonds totaling \$50 million for this purpose and will be asked to authorize an additional \$100 million this year.

Two significant studies in the area of housing are now in process. One is concerned with housing for older people. The other is concerned with urban renewal and redevelopment and is being under-

taken jointly by the Federal and State governments. Administrative expenses payable from State funds for housing programs and studies will total about \$1.2 million this year.

Youth Programs and Care . . .

State aid is available to municipalities on a matching basis up to \$400 per 1,000 children for activities that help prevent or combat juvenile delinquency. Over one-half of the State's expenditures under this program are for recreation projects. It is estimated that 920 recreation projects and 58 other youth projects will receive State aid this year. Nine city and county Youth Bureaus will also be in operation and receive aid. These Bureaus coordinate and supplement the work of public and private agencies concerned with the welfare and protection of youth. Aid to localities for youth programs is expected to total approximately \$2.5 million this year.

Veterans' Services . . .

The State provides counseling service to veterans, servicemen and their families. It also operates a rest camp for convalescing veterans. Cities and counties which operate their own veterans' service agencies are reimbursed by the State for one-half of their authorized expenditures, which vary with the size of the locality. There are 56 counties and 13 cities presently participating in this program. State expenditures for veterans' services will total \$2.6 million.

Services to the Aging . . .

The older citizen gained particular recognition last year with the appointment of a Special Assistant to the Governor on Problems of the Aging. State services to the aging this year include appointment in the Department of Mental Hygiene of a consultant on services to the aged, experimentation in the rehabilitation of senile patients in the State's mental hospitals, research in arteriosclerosis, expansion of the work of the Health Department in chronic disease and geriatrics, increased counseling and placement services for older workers, establishment of an adult recreation council, a housing study, and other related services. These activities are coordinated in the Office of the Governor's Special Assistant.

Consumer Protection . . .

The Office of the Consumer Counsel, created last year, has been instrumental in developing legislation for the protection of the consumer. It has also focused attention on the consumer's rights and worked to benefit the consumer through conferences, hearings and the publication of several pamphlets. These services are being continued this year.

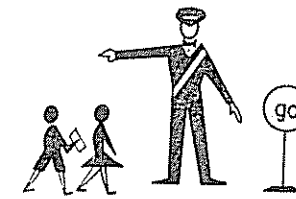
Distribution of Surplus Food . . .

This year for the first time New York State will participate in a Federal program under which surplus food is available without cost for distribution to needy families. It is expected that New York will receive commodities with a retail value of over \$40 million annually. The State will pay the costs of transferring the food from Federal to State facilities and of distribution through private stores. It will also reimburse localities for one-half of their administrative costs in connection with this program. State expenditures for these purposes are expected to total about \$2.8 million this year.

Low-income Studies . . .

This year's program of public welfare services includes activities directed toward the prevention of dependency. Studies will be made to identify low-income groups in the State's economy and to determine action needed to assist them. A pilot program of social work services will be provided in certain local welfare districts to assist families now receiving public assistance in achieving social and economic rehabilitation. Another study will develop a program of training to increase earning capacity of low-income groups.

PUBLIC SAFETY



The protection of persons and property is one of the oldest governmental functions. In the interest of public safety, the State maintains correctional institutions, directs parole and probation activities, operates a civil defense system, promotes accident prevention and safety education, and maintains the State's military establishment. The State has its own police force which is responsible for crime prevention and highway safety. These activities will cost approximately \$63.7 million this year, or four per cent of total State expenditures.

Correctional Institutions . . .

The Department of Correction is responsible for the custody and rehabilitation of persons confined in six prisons and four reformatories for men, a prison-reformatory for women, two institutions for defective delinquents, two hospitals for the criminally insane, a reception center at Elmira for the study and classification of male offenders between the ages of 16 and 21, and the newly created Youth Rehabilitation Facility-Conservation Camp program. Total inmate population at these 17 correctional institutions is expected to increase from 19,100 in 1955-56 to 19,500 in 1956-57. In order to relieve overcrowding and improve care, increased expenditures will be necessary, particularly at Elmira Reformatory, Wallkill Prison and the new Youth Rehabilitation Facility. Total expenditures for operating all correctional institutions will approximate \$34.3 million this year. Expansion and improvement of facilities at these institutions will require an additional \$3.3 million.

Probation and Parole . . .

New York State follows a policy of helping convicted offenders to become better adjusted members of society. It is generally agreed that supervision of an offender during a period of probation or during parole from prison often contributes more to successful rehabilitation than does a long period of imprisonment. For this reason, this year's budget emphasizes the need to improve and extend parole and probation services.

Under a program started last year, the State pays to the City of New York and upstate counties 50 per cent of the cost of new or addi-

tional probation services. To assist further, the State has increased its staff and expanded its financial aid for probation training.

Increased funds for parole services will make it possible to reduce caseloads of parole officers so that more attention may be given to individual parolees. Employment placement services are being increased so that prisons may release a greater number of inmates who are eligible for parole. Pre-parole investigations are being made more promptly, in order to minimize the waiting period for eligibles prior to appearance before the Board of Parole.

Apart from the humane considerations, parole and probation services are less expensive than prisons. The annual cost of maintaining an inmate at one of the State correctional institutions, excluding construction costs, will be about \$1,760 this year. The cost of parole administration will average about \$212 for each parolee, and the cost of probation services is even lower. The total cost of the State's overall correctional rehabilitation program, including aid to local probation services, will be \$3.4 million in 1956-57.

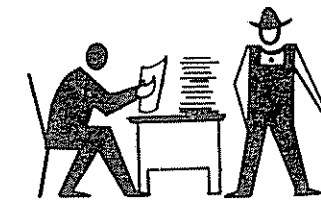
General Safety, Civil and Military . . .

Protection against crime is only one of the State's responsibilities in assuring public safety. The hazards of natural and man-made disasters and of accidents in the factory, on the highway and in the home are also of great concern to the citizen.

The detection and prevention of crime and the patrol of the roads by the State police are vital to the day-to-day protection of the citizen. The services of the State's military and civil defense organizations provide additional safety. State agencies also organize and coordinate a wide variety of other safety activities. Training courses for volunteer fire companies will be attended by over 5,000 in the coming year. The State coordinates a mutual aid system comprising 58 county fire control centers. Information is gathered for accident prevention and methods of meeting disasters.

These public safety services are, for the most part, continuing programs and will require \$21.4 million this year. One non-recurring item is the estimated expenditure of \$2.5 million for civil defense to stockpile supplies and equipment for 148 emergency hospitals located throughout the State. Also included are the State's share of the cost of the Federal civil defense program, and the cost of additions and alterations at State Police barracks.

SERVICES TO AGRICULTURE, BUSINESS AND LABOR



The State provides important services to farmers, businessmen, and wage earners. New York operates farm marketing facilities, regulates rents and utility rates, provides market data and employment services, and furnishes information that promotes the State's economic welfare. These activities benefit all the citizens of the State in their capacities as producers and consumers. The State will spend approximately \$31.5 million for these services, or two per cent of total expenditures for this year.

Services to Agriculture . . .

To assist the farmer in many technical problems of farm production and marketing, the State administers instructional and regulatory programs. These include activities to eradicate insect infestations and plant and animal diseases, the organization and regulation of market facilities for the sale and distribution of farm products, and promotion of the interests of farmers and consumers through the farm product exhibits at the county fairs and the annual State Fair in Syracuse. The State also supports a College of Agriculture and a Veterinary College at Cornell and agricultural and technical institutes throughout the State, where study and experimentation are carried on to assist the farmer, and where future farmers and agricultural technicians are trained.

This year's budget places special emphasis on programs of brucellosis control and calfhood vaccination so that by 1959 all milk sold in the State will be from brucellosis-free cows. For all farm programs, except agricultural education, the State will spend approximately \$5.0 million this year.

Services to Labor . . .

Protection of the wage earner against hazardous employment, substandard working conditions, inadequate wage standards and accidental loss of earning capacity is accepted as a function of modern government. This requires inspection of industries with high accident rates and vigorous enforcement of laws regarding employment. Im-

proved labor relations are promoted by the State Labor Relations Board through mediation and settlement of unfair labor practice charges and collective bargaining disputes. The National Labor Relations Board limited its jurisdiction in July 1954, and as a result the New York Board has assumed added responsibilities. This has been accomplished by improved operating procedures, without increasing staff. Expenditures by the State Department of Labor will total approximately \$7.7 million this year.

The State also administers systems of unemployment insurance and job placement, workmen's compensation, and disability benefits insurance for wage earners in the State. These three programs protect the covered wage earner against loss of earnings because of layoffs and because of injuries or sickness incurred both on and off the job. Protection against wage loss because of unemployment is financed by the unemployment insurance system, the costs of which are paid by employers. Similar protection against sickness or injury is financed entirely by the employer in the case of injuries incurred on the job, and, in the case of disabilities suffered off the job, partially by employee contributions and partially by employers.

To supplement and improve these vital services, the State last year inaugurated a job counseling program for older workers, for which Federal funds were made available. Expanded special counseling services are planned this year in areas of the State not now served. Unemployment insurance was further extended last year so that by January 1957 establishments with two or more employees will be covered. During 1955, 78 per cent of the non-agricultural wage earners employed in the State were covered by unemployment insurance. Disability benefits were also improved this year by raising the maximum weekly benefits from \$36 to \$40. Approximately 76 per cent of the wage earners in the State were covered by this program in 1955. An estimated 83 per cent were covered by workmen's compensation.

Services to Business . . .

The complex and highly diversified New York State economy poses particularly difficult problems in the regulation, promotion and coordination of the State's commercial activities. State economists, business consultants, engineers, statisticians and other specialists assist private industry to achieve more prosperous business and employment condi-

tions. This work includes regional studies to determine the suitability of various areas for industrial location and development, and promotion of the State's many tourist attractions.

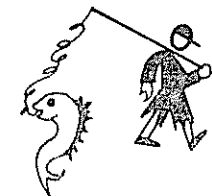
Of particular interest to the small businessman is the expansion this year of technical services for small business. Expenditures of the Department of Commerce on behalf of business will total \$2.9 million this year.

Other Related Services . . .

In addition to services for each of the three major occupational groups, the State provides services that benefit all three groups. These include: (1) regulation of public utilities; (2) licensing and certification of the professions to assure compliance with professional standards in medicine, teaching and related fields; and (3) prevention of discrimination in employment on account of race, creed, color or national origin. The State also regulates banks and insurance companies in the public interest, an activity which is financed by the organizations supervised. Direct State expenditures for all such regulatory services will be \$10.0 million this year.

Support of local rent control administration is the major State program of assistance to localities in the field of service to agriculture, business and labor. The State also assists localities in the planning of municipal public works and in the control of rabies in wildlife.

NATURAL RESOURCES AND RECREATION



The State's natural resources and recreational facilities are among the most abundant and varied in the nation. Their protection and improvement require constant, expert attention. State employees supervise and maintain the State's park system, forest areas, recreational facilities, water resources and wildlife. The State also assists communities in providing protection against natural disasters and participates with the Federal government in such projects. For these and similar purposes, the State will spend approximately \$27.0 million, or two per cent of total State expenditures.

Forest Recreation and Management . . .

The State maintains 2,440,000 acres of Forest Preserve in the Adirondack and Catskill ranges and 565,000 reforestation acres. Conservation Department personnel are charged with the suppression of forest fires, tree production, control of insects and forest diseases and many other related duties. Gypsy moth infestations have been especially acute in recent years, and growing use of our forests for recreation purposes has increased the danger of fire. Expenditures for forest management and related programs will be \$2.9 million this year. In addition, the State assists counties in reclaiming marginal land for forest purposes through payments to counties having approved plans for reforestation.

Parks and Recreation . . .

Improved transportation and more leisure time have increased the use of the State parks. Attendance at the 80 State parks and public beaches is expected to increase from 26 million in 1955-56 to a new high of 27 million in 1956-57, creating a demand for enlarged and more diversified facilities. Expanded park facilities will cost approximately \$9.8 million during 1956-57.

Capital Facilities for Forests and Parks . . .

Most of the State's capital investment for natural resources and recreation facilities is in land. Construction activity is devoted primarily to recreation centers such as ski developments and swimming pools, the clearing of slopes, parking fields, roads, camp sites and forest trails. Fish hatcheries, maintenance buildings, small dams and related structures are also a part of the State's continuing program. Other capital expenditures in this year's budget will be for land acquisition and development of new facilities at several park sites. Land will be acquired for a new park at Long Point at Chautauqua to supplement lands acquired by gift, and plans will be initiated to develop the new Jacques Cartier Park in the Thousand Islands region on land already acquired by the State.

Regulation of Water Resources . . .

Water is a vital factor in industrial, agricultural and recreational life, and the regulation of rivers, streams, lakes and ground water sources is a major State responsibility. An expanding population re-

quires increasing supplies of water, and vigilant regulation is necessary to prevent excessive withdrawal from ground water levels. To assure a fair allocation of water supplies to all communities, 280 hearings were held by State officials last year and it is expected that the number of hearings will increase to 300 in 1956-57.

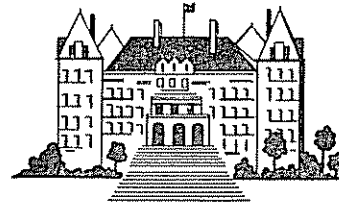
Waterways and Flood Control . . .

Maintenance of waterways and flood control projects contribute to the preservation of our natural assets. The 1955 floods exacted a heavy toll in property damage to many communities in New York State. To assist local governments in meeting the high costs of recovery from flood damage, State aid has been made available for the first time for repairing and rebuilding certain publicly-owned facilities. Canal traffic increased 20 per cent in 1955, and the maintenance and operation of this system is another important service of New York State. The State also assists communities by the construction of shore protection projects designed to repair damage and prevent future destruction by storms and hurricanes along the State's coast line. Localities later reimburse the State for one-half the cost of construction. For canals, waterways, shore protection, and for flood control and relief, \$9.4 million will be spent this year.

Other Services and Functions . . .

A variety of other services assist in meeting the recreational needs of New York's citizens and preserving the natural resources of the State. Through its publication *The Conservationist*, the State informs the public about proper conservation practices. Youth camps, exhibits, and sportsmen's shows are all conducted to achieve a better understanding of the prudent use of the State's natural riches and scenic attractions.

GENERAL GOVERNMENT



Many general services are performed in the State government in the formulation and execution of public policies. These include law making and review of administrative programs by the Legislature, and conduct of the courts by the Judiciary.

General services provided by the Executive branch include the collection of taxes, financial management, administration of the personnel system and supervision of the State's legal affairs. The costs of general government services this year will be approximately \$154.2 million, or 10 per cent of total estimated expenditures.

The Legislature . . .

The Legislative branch of the State government is concerned with the formation of State policy and evaluation of programs already authorized. The State Legislature convenes annually early in January and usually adjourns sometime during the last two weeks of March. Permanent staffs are maintained by the Legislature and its committees to assist in their work. It is anticipated that the Legislature will spend \$8.1 million during 1956-57.

The Judiciary . . .

The Judiciary is responsible for the conduct and administration of the State's court system. The general state-wide system of courts consists of the Supreme Court and its Appellate Divisions and the Court of Appeals, which is the highest State court. The Court of Claims adjudicates claims against the State, which include claims resulting from the taking of private land for public use, accident claims, and claims for breach of contract by the State. The administration of the courts requires, in addition to jurists, the maintenance of law libraries, reporting facilities, and referee and stenographic services. Expenditures for the support of the State court system will total approximately \$8.5 million in 1956-57.

A commission composed of legislative and executive appointees is currently engaged in a study of the State and local court system. One result of the commission's work was the enactment this year of a law to

establish a youth court in every county court to handle "youthful offender" cases. This year's budget provides for continuation of the Temporary Commission on the Courts in the hope that further improvements of the court system may be developed.

General Assistance to Localities . . .

The State distributes general financial aid to cities, towns and villages on a per capita basis, according to the population at the latest Federal census. This aid may be used by the locality for any lawful purpose. Each year cities receive \$6.75 per person, towns \$3.55 and villages \$3.00. Legislation enacted this year permits local governments to contract with the United States Bureau of the Census for a special population census to be used as a basis for increased State aid. As the measure will not become fully operative immediately, increases in State aid as the result of such special censuses will not be reflected in this year's payments. Payments and administrative costs this year will total \$91.1 million, about the same as last year.

Executive Services . . .

for executive management

The office of the Governor provides the services necessary to study, develop and coordinate policies. Staff assistants conduct investigations and explore special problems. Expenditures for the Executive Chamber and the Office of the Commissioner of Investigation will total approximately \$1.1 million this year.

for financial administration

An important responsibility of the State is the careful management of public moneys. Revenues to support State government are received from a variety of sources, and are collected principally by the Department of Taxation and Finance. Before State money is spent, the needs of the various State agencies are studied to plan programs and determine priority of need. These determinations are brought together in the Executive Budget, as presented to the Legislature. Following legislative approval, careful auditing by the Department of Audit and Control assures that the State's money is spent for the purposes defined by law. Central purchasing through the Division of Standards and Purchase enables the State to secure equipment and materials at the lowest possible prices. Local units of government may also avail themselves of this service.

The Department of Audit and Control also supervises the fiscal affairs of 59 cities, 57 counties, 932 towns, 549 villages and 5,714 school, fire and improvement districts. To conduct and supervise State and local fiscal affairs, approximately \$23.3 million will be spent this year by the Department of Taxation and Finance, the Department of Audit and Control, the Division of the Budget and the Division of Standards and Purchase.

for legal services

The Attorney General is responsible for the prosecution and defense of all proceedings in which the State is interested. He issues legal opinions at the request of other State officials, enforces claims, and performs other related work. The Secretary of State, in addition to his regulatory and licensing duties, is the general recording officer for the State. He charters domestic corporations, administers oaths of office to State officials, records and publishes State laws and regulations, maintains official election records and performs related services of a legal nature. Expenditures for these operations will total approximately \$3.6 million.

for personnel management

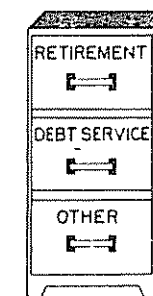
State civil service employees are selected and promoted on the basis of merit. To assure that the system operates fairly and efficiently, the Civil Service Department classifies positions according to duties, administers examinations, and conducts training courses for all types of State employment. These programs are augmented by continuing services to improve management-employee relations and provide employee benefits. The Civil Service Department also supervises the personnel systems of localities. Expenditures for these purposes will total approximately \$2.8 million.

for other housekeeping duties

The State maintains numerous office buildings for the use of its agencies, with major centers located in Albany, New York City, Syracuse and Buffalo. Custodial care, repair and maintenance of the State's office buildings will require an expenditure of approximately \$6.9 million this year.

The Department of Public Works provides administrative, architectural and engineering services to execute the State's building construction program. This will cost \$7.1 million in 1956-57.

NON-ALLOCATED GENERAL COSTS



Certain general costs of operating State government are not allocated to any particular function or program. These expenditures will total \$71.5 million this year, or five per cent of all State expenditures. This includes an amount set aside for estimated expenditures for the current fiscal year which will require authorization at the next session of the Legislature.

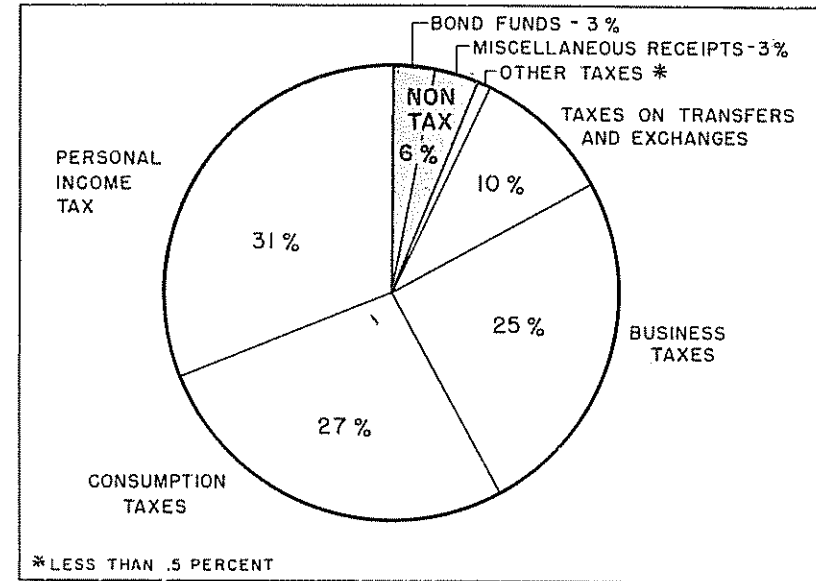
The largest non-allocated cost this year is \$32.4 million for the State's contributions to the New York State Employees' Retirement System. The State is also expected to spend \$1.5 million for its share of the new employees' health insurance program, and additional amounts for special pensions, Social Security contributions, workmen's compensation, and unemployment insurance for State employees. Also included among non-allocated general costs of State government are amounts for the payment of taxes on public lands and judgments.

Debt service is another major non-allocated cost. At the close of last year the portion of the State debt financed from current State operating income was \$219.1 million. Debt service on this will be approximately \$24.3 million this year, or 12 per cent less than last year. The remainder of the State debt included \$352.9 million in housing debt financed through annual payments by local housing authorities with the aid of State subsidies; \$60 million of World War II veterans bonus debt to be paid from revenues of the one cent per package tax on cigarettes and one-ninth of personal income tax collections; and that portion of the grade crossing elimination debt which is financed by reimbursements from railroad companies. Bonds may also be sold to finance mental health construction now in progress. These bonds will be financed from the same revenue sources as the present war bonus debt.

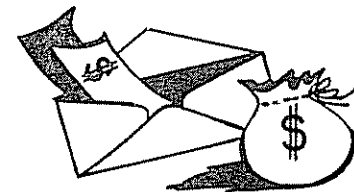
INCOME

The State's total income in 1956-57 is estimated at \$1,440.7 million. Of this total, taxes are expected to contribute approximately 94 per cent, or \$1,352.0 million, including \$49.0 million of the personal income tax and cigarette tax collections reserved for retirement of veterans bonus and mental health construction bonds. The \$49.0 million is in excess of the amount required for financing these bonds. Non-tax sources, such as bond funds and other miscellaneous receipts, account for the remainder of the State's total income.

ESTIMATED STATE INCOME
1956 - 1957



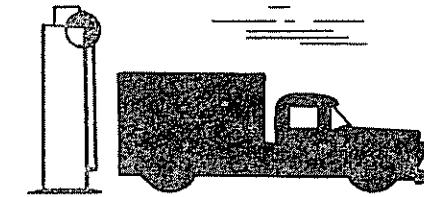
TAXES



... on personal incomes

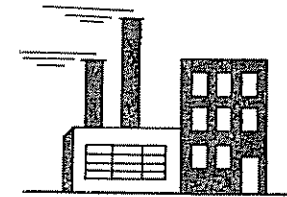
New York's largest single revenue source is the personal income tax which will produce an estimated 31 per cent of the State's total income this year. The yield of this tax depends primarily on the incomes received by individuals during the

preceding calendar year. Personal income tax revenue has grown in recent years as a result of rising personal incomes, an increase in the number of taxpayers, and better enforcement methods. Collections, exclusive of the one-ninth reserved for retirement of veterans bonus and mental health construction bonds, amounted to \$397.6 million last year. Increases in personal incomes in 1955 are expected to raise collections to \$415.3 million in the current fiscal year, after giving effect to a tax reduction of \$39.0 million.



... on consumption

Taxes on consumption will produce over 27 per cent of total State income during 1956-57. This group comprises the taxes on gasoline and diesel motor fuel, cigarettes, liquor and other alcoholic beverages, fees from motor vehicle registrations and operators' licenses and the highway use tax. The motor fuel tax and the motor vehicle license fees are the two largest revenue producers in the group. Total revenue from consumption taxes amounted to \$373.5 million in 1955-56, exclusive of the one cent per package tax on cigarettes used to finance retirement of veterans bonus and mental health construction bonds. Revenue from the same sources in 1956-57 is expected to reach \$381.1 million.

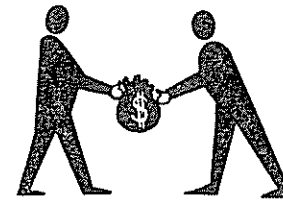


... on business

Taxes on business will account for approximately 25 per cent of all State revenues this year. The bulk of the revenue from business taxes is derived from corporations. Most corporations are taxed on net income, but certain businesses are taxed on other bases. Public utilities, for example, are taxed on their gross earnings within the State, insurance companies are taxed on receipts from premiums, and real estate companies on gross assets within the State. Other business taxes include the bank tax and the tax on net income of unincorporated businesses.

Total revenue from all business taxes amounted to \$334.8 million in the last fiscal year and is expected to reach \$366.7 million in the cur-

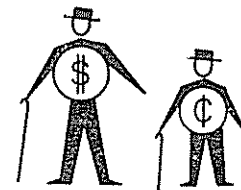
rent fiscal year. Most of the \$31.9 million increase is expected as a result of the high level of corporation profits in 1955.



... on transfers and exchanges

This group consists of levies on the sale of stock securities, on estates left by decedents and on pari-mutuel betting at race tracks. These three sources produced revenue of \$156.6 million in the 1955-56 fiscal year.

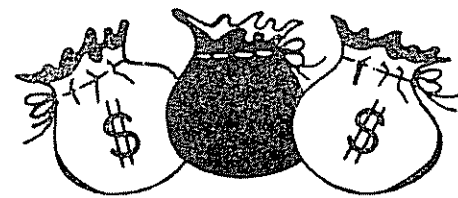
They are expected to yield \$137.5 million in the current fiscal year, or nearly 10 per cent of total State income. Most of the anticipated decline is based on the assumption that collections this year from the estate tax will not equal the unusually large "windfall" receipts of last year.



... on other activities

Taxes on admissions to horse-racing meets and boxing events and fees for licensing motion pictures together will account for less than one per cent of all State revenues. They yielded \$2.4 million in 1955-56, and are expected to produce a similar amount this year.

NON-TAX RECEIPTS



Receipts from sources other than taxes will provide six per cent of the total income of the State this year. These sources include: receipts anticipated from the sale of bonds for

grade crossing elimination and mental health construction; various departmental receipts, including reimbursements for the care of patients at State institutions, and revenue from licenses and fees; and other miscellaneous receipts. Non-tax receipts amounted to \$68.6 million in 1955-56 and are expected to total \$88.7 million in 1956-57.

LOOKING AHEAD . . .

Although the State's financial operations are reported on an annual basis, actual budgeting requires looking several years into the future. The State must consider the number of children who will need schools, the kind of health and welfare services that an aging population will require, and the number of cars that will be in use on the highways. The State must determine what new or extended services its citizens will want as living standards improve and more leisure time becomes available.

These and other determinations must be made by those responsible for planning the State's programs. Highways, hospitals and schools take time to construct and the need for such facilities and for other State services must be determined in advance. Future economic conditions must also be considered in planning the financing of expanded and new programs.

Improvement in government and government finance is a never-ending process. The State is constantly seeking equitable, practical and effective means to meet the growing needs of its citizens. Steps have been taken to eliminate tax evasion. Vigorous administration of the Tax Law resulted in increased tax collections of \$12.0 million in 1956. At the same time a management improvement program to promote greater efficiency saved \$4.2 million. An improved budget presentation shows more clearly the purposes of State expenditures, and provides a better basis for measuring efficiency. A committee appointed by Governor Harriman and Mayor Wagner is looking into the complex problems resulting from the unique fiscal relationship between New York City and New York State. Through these and similar efforts the State hopes to improve its own financial structure and the fiscal operations of its localities.

APPENDIX

New York State Funds

Table 1. Budget of the General Fund and Capital Construction Fund

Table 2. Financial Operations of the General Fund

Table 3. General Fund Revenues

Table 4. Local Assistance Fund Appropriations

Table 5. State Purposes Fund Appropriations

Table 6. Capital Construction Fund Appropriations

Selected Current Source Material on State Finance

NEW YORK STATE FUNDS

Expenditures for State programs are made from two major State funds and a variety of other separate funds.

The General Fund

The major State operating fund is the General Fund which is divided into two components: (1) the Local Assistance Fund, from which appropriations are made for support of units of local government and for transfers to the Capital Construction Fund to finance the State's share of local capital projects, and (2) the State Purposes Fund, from which appropriations are made for operation of State departments, for general state charges, for debt service, and for transfers to the Capital Construction Fund. The General Fund is financed mainly from tax revenues which are divided between the Local Assistance and State Purposes Funds. In 1955-56, the Local Assistance Fund received 57 per cent and the State Purposes Fund 43 per cent of total General Fund revenues. Appropriations from the General Fund are shown in Tables 4 and 5 of this Appendix.

The Capital Construction Fund

Construction, such as highways, bridges and buildings, is financed through the Capital Construction Fund. This fund derives its revenue mainly from transfers of money from the General Fund and the War Bonus and Mental Health Bond Account, and from bond funds.

The operations of the Capital Construction Fund differ from those of the General Fund because of the nature of capital financing. The resources and contract commitments of the Capital Construction Fund carry over from year to year. Its appropriations are authorizations to commit and spend State funds for specific purposes, and since the completion of contracts often requires several years, most unexpended balances are reappropriated annually. These re-enactments constitute the major part of total Capital Construction Fund appropriations, which greatly exceed annual expenditures. Appropriations from the Capital Construction Fund are shown in Table 6 of this Appendix.

The Tax Stabilization Reserve Funds

These funds were established as a depository for year-end General Fund surpluses. Both the Local Assistance and State Purposes Funds have Reserve Funds to which operating surpluses are transferred at

the end of the fiscal year. These reserves may be drawn upon if a deficit occurs in either operating Fund, but such withdrawals must be repaid from succeeding years' revenues.

Other Funds

In addition to the General Fund, the Capital Construction Fund and the Reserve Funds, the State maintains other funds for special purposes. These include funds for moneys received from the Federal government, college income funds, institutional community store funds, the State Insurance Fund, the Conservation Fund, the Broadway Office Building Fund, the Correctional Industry Fund, and other funds established by law.

TABLE 1. BUDGET OF THE GENERAL FUND AND CAPITAL CONSTRUCTION FUND *
(Millions)

| | 1955-56 (Actual) | 1956-57 (Estimated) | 1956-57 Compared with 1955-56 |
|---|---------------------|------------------------|--|
| Income: | | | |
| General Fund Revenue..... | \$1,308.9 | \$1,350.3 | +\$ 41.4 |
| Surplus in War Bonus Funds. | 35.0 | 49.0 | + 14.0 |
| Reimbursables from Bond Accounts | 21.5 | 38.4 | + 16.9 |
| Miscellaneous Receipts of Capital Construction Fund | 3.2 | 3.0 | - 0.2 |
| Total Income..... | \$1,368.6 | \$1,440.7 | +\$ 72.1 |
| Outgo: | | | |
| Expenditures | | | |
| Local Assistance..... | \$ 686.9 | \$ 778.4 | +\$ 91.5 |
| State Purposes..... | 480.8 | 527.6 | + 46.8 |
| Capital Construction..... | 142.3 | 176.3 | + 34.0 |
| Total Expenditures..... | \$1,310.0 | \$1,482.3 | +\$172.3 |
| Net Cash Outgo from Cap- ital Construction Fund for First Instance Advances... | \$ 4.2 | \$ 8.7 | +\$ 4.5 |
| General Fund Surplus to Tax Stabilization Reserve Funds | 4 | 4 | |
| Total Outgo..... | \$1,314.6 | \$1,491.4 | +\$176.8 |
| Excess of Income over Outgo... (Change in Usable Assets in Capital Construction Fund) | \$ 54.0 | -\$ 50.7 | -\$104.7 |
| Balance of Usable Assets in Cap- ital Construction Fund at End of Year..... | \$ 163.4 | \$ 112.7 | -\$ 50.7 |

* Exclusive of transfers from the General Fund to the Capital Construction Fund

TABLE 2. FINANCIAL OPERATIONS OF THE GENERAL FUND
(Millions)

| | Actual 1955-56 | | Estimate 1956-57 | |
|--|-----------------------------|---------------------------|-----------------------------|---------------------------|
| | Local Assistance Fund | State Purposes Fund | Local Assistance Fund | State Purposes Fund |
| INCOME | | | | |
| Revenue collections..... | \$ 741.5 | \$ 567.4 | \$ 779.6 ^a | \$ 570.7 ^a |
| APPROPRIATIONS AND OUTGO | | | | |
| Total appropriations for year ^b | \$ 687.4 | \$ 524.5 | \$ 775.3 | \$ 571.1 |
| Deficiencies and reimbursement of Governmental Emergency Fund provided for in succeeding year's appropriations..... | 57.5 | 48.3 | 3.2 | 7.0 |
| Total appropriations for the year..... | \$ 744.9 | \$ 572.8 | \$ 778.5 | \$ 578.1 |
| Add: Unexpended appropriations and reapportionments carried forward from prior years | 9.3 | 34.5 | 8.8 | 35.4 |
| Less: Lapses and repeals of appropriations during the year..... | 4.1 | 4.7 | 3.1 | 10.8 |
| Less: Unexpended appropriations and reapportionments carried forward to succeeding year..... | 8.8 | 35.4 | 4.8 | 32.2 |
| Outgo during the year..... | \$ 741.3 | \$ 567.2 | \$ 779.4 | \$ 570.5 |
| BALANCE | | | | |
| Excess of income over outgo (For transfer to the Tax Stabiliza- tion Reserve Funds)..... | \$ 0.2 | \$ 0.2 | \$ 0.4 | \$ 0.4 |

^a Contingent upon reallocation of revenue between Local Assistance Fund and State Purposes Fund by 1957 Legislature.

^b Excluding deficiencies.

TABLE 3. GENERAL FUND REVENUES^a
(Thousands)

| | 1955-56 Actual | 1956-57 Estimated | Change |
|--|--------------------|----------------------|-------------------|
| Personal income tax..... | \$ 397,626 | \$ 415,300 | + \$17,674 |
| Business taxes..... | \$ 334,819 | \$ 366,700 | + \$31,881 |
| Corporation tax (art. 9)..... | 62,159 | 63,350 | + 1,191 |
| Utilities tax (gross receipts)..... | 39,055 | 41,300 | + 2,245 |
| Corporation franchise tax (art. 9a)..... | 164,410 | 193,000 | + 28,590 |
| Organization of corporations..... | 1,186 | 1,050 | - 136 |
| Unincorporated business tax..... | 30,138 | 33,000 | + 2,862 |
| Bank tax..... | 28,575 | 25,400 | - 3,175 |
| Insurance premium tax..... | 9,296 | 9,600 | + 304 |
| Excise taxes..... | \$ 373,506 | \$ 381,100 | + \$ 7,594 |
| Motor vehicle tax..... | 118,198 | 116,600 | - 1,598 |
| Motor fuel tax..... | 125,425 | 133,500 | + 8,075 |
| Alcoholic beverage tax..... | 51,487 | 51,700 | + 213 |
| A.B.C. licenses..... | 24,144 | 24,500 | + 356 |
| Cigarette tax..... | 39,937 | 40,500 | + 563 |
| Highway use tax..... | 14,315 | 14,300 | - 15 |
| Taxes on transfers and exchanges..... | \$ 156,557 | \$ 137,500 | - \$19,057 |
| Inheritance and estate tax..... | 53,694 | 36,000 | - 17,694 |
| Stock transfer tax..... | 41,579 | 36,000 | - 5,579 |
| Pari-mutuel tax..... | 61,284 | 65,500 | + 4,216 |
| Other taxes..... | \$ 2,413 | \$ 2,425 | + \$ 12 |
| Racing tax..... | 1,756 | 1,750 | - 6 |
| Motion picture tax ^b | 428 | 450 | + 22 |
| Boxing exhibitions tax..... | 229 | 225 | - 4 |
| Miscellaneous receipts..... | \$ 43,943 | \$ 47,275 | + \$ 3,332 |
| Total | \$1,308,864 | \$1,350,300 | + \$41,436 |

^a Excludes collections earmarked for the War Bonus and Mental Health Bond Account as follows:
Personal income tax..... \$49,703 \$51,900 + \$2,197
Cigarette tax..... 19,969 20,250 + 281

^b The motion picture license fee is denominated as a tax here for convenience of classification.

TABLE 4. LOCAL ASSISTANCE FUND APPROPRIATIONS

| | Fiscal Year | |
|--|----------------------|----------------------|
| | 1955-56 | 1956-57* |
| Conservation | | |
| County Reforestation..... | \$ 53,890 | \$ 55,000 |
| County Rabies Control..... | 6,059 | 7,000 |
| Correction | | |
| Probation Services..... | 50,000 | 300,000 |
| Education | | |
| Support of Common Schools..... | 353,140,011 | 416,090,000 |
| School Lunch Program..... | 6,000,000 | 7,000,000 |
| Aid to Libraries..... | 2,350,000 | 2,450,000 |
| Physically Handicapped Children..... | 150,000 | 150,000 |
| Emergency School Building..... | 2,925,000 | 3,380,000 |
| Teacher Training—New York City..... | 6,550,000 | 6,620,000 |
| Community Colleges..... | 3,250,000 | 4,500,000 |
| Adult Recreation Council..... | | 50,000 |
| General Local Assistance | | |
| Per Capita Aid..... | 91,100,000 | 91,100,000 |
| Counties' Share of Motor Fuel and Motor Vehicle Taxes..... | 31,000,000 | 32,650,000 |
| Health | | |
| Tuberculosis Care..... | 14,172,000 | 12,533,000 |
| Physically Handicapped Children..... | 2,134,600 | 2,596,000 |
| County Care of Adult Poliomyelitis Cases..... | 55,000 | 55,000 |
| Other Aid to Municipalities..... | 13,591,400 | 15,719,000 |
| Administration, Local Assistance..... | 436,000 | 476,000 |
| Joint Hospital Survey and Planning Commission..... | 144,000 | 140,000 |
| Housing | | |
| Housing Subsidies..... | 13,134,238 | 12,672,374 |
| Administration, Housing Loans and Subsidies..... | 253,600 | 277,268 |
| Mental Hygiene | | |
| Community Mental Health Services..... | 5,077,254 | 6,766,265 |
| Treatment of Chronic Alcoholism..... | 95,000 | 86,803 |
| Public Works | | |
| County Highways..... | 2,200,000 | 2,200,000 |
| Town Highways..... | 8,280,000 | 8,500,000 |
| Municipal Public Works..... | 400,000 | 600,000 |
| Emergency Disaster Aid..... | | 1,500,000 |
| Administration, Local Assistance..... | 123,968 | 121,679 |
| Social Welfare | | |
| Local Assistance..... | 127,610,000 | 135,629,000 |
| Salary Adjustments..... | | 358,000 |
| State Housing Rent Commission..... | 3,350,000 | 3,530,000 |
| Veterans' Service Agencies..... | 435,000 | 450,000 |
| Youth Commission..... | 2,500,000 | 3,250,000 |
| Distribution of Federal Surplus Foods..... | | 2,500,000 |
| Total, Exclusive of Transfers..... | \$690,567,020 | \$774,312,389 |
| Transfer to Capital Construction Fund..... | 54,302,965 | 1,000,000 |
| Grand Total..... | \$744,869,985 | \$775,312,389 |

* Does not include possible deficiency appropriations.

TABLE 5. STATE PURPOSES FUND APPROPRIATIONS

| | Fiscal Year | |
|--|---------------|---------------|
| | 1955-56 | 1956-57* |
| Executive Department | | |
| Executive Chamber | \$ 802,311 | \$ 802,047 |
| Office of Comm. of Investigation | 250,000 | 250,000 |
| Division of Budget | 838,056 | 919,413 |
| Division of Military and Naval Affairs | 6,364,350 | 6,263,175 |
| Division of Veterans' Affairs | 2,084,726 | 1,987,096 |
| Division of Standards and Purchase | 1,596,388 | 1,697,871 |
| Division of Parole | 2,474,463 | 2,601,052 |
| Division of State Police | 8,161,181 | 8,910,002 |
| Division of Alcoholic Beverage Control | 1,763,695 | 1,801,854 |
| Local Alcoholic Beverage Control | 1,024,899 | 1,049,029 |
| Division of Housing | 776,500 | 878,428 |
| Division of Safety | 286,138 | 305,463 |
| Comm. Against Discrimination | 448,863 | 462,595 |
| State Building Code Commission | 394,000 | 378,500 |
| State Civil Defense Commission | 1,458,421 | 1,427,490 |
| State Commission on Pensions | 55,000 | 35,000 |
| Department of Law | 2,451,989 | 2,347,692 |
| Department of Audit and Control | 4,200,533 | 4,483,445 |
| Department of Agriculture and Markets | 5,124,471 | 5,091,914 |
| Banking Department | 63,000 | 83,500 |
| Department of Civil Service | 2,613,079 | 2,720,726 |
| Department of Commerce | 2,647,503 | 2,781,494 |
| Conservation Department | 11,992,010 | 12,318,356 |
| Department of Correction | 32,718,626 | 33,750,397 |
| Education Department | 17,384,420 | 18,931,991 |
| State University | 32,428,672 | 34,565,611 |
| Department of Health | 21,872,309 | 22,092,216 |
| Insurance Department | 95,000 | |
| Department of Labor | 7,372,799 | 7,474,996 |
| Department of Mental Hygiene | 154,005,959 | 162,579,984 |
| Department of Public Service | 3,290,867 | 3,327,436 |
| Department of Public Works | 43,577,369 | 44,038,318 |
| Department of Social Welfare | 7,008,581 | 7,447,936 |
| Department of State | 3,234,996 | 3,137,097 |
| Department of Taxation and Finance | 21,195,180 | 22,701,711 |
| Miscellaneous | | |
| All State Departments and Agencies—To Supplement Appropriations for Personal Service | 500,000 | 25,200,000 |
| Temporary State Commissions | 738,000 | 515,000 |
| All Other | 2,118,310 | 3,402,655 |
| Legislature | 7,215,954 | 7,467,297 |
| Judiciary | 7,704,182 | 8,197,016 |
| General State Charges | | |
| Pension Contributions & Administration | 30,004,785 | 32,983,256 |
| Taxes on Public Lands | 2,802,300 | 2,702,300 |
| Compensation Insurance | 2,789,100 | 1,250,000 |
| Court of Claims Judgments and Other Judgments | 2,234,564 | 1,027,500 |
| Other General State Charges | 400,237 | 1,551,429 |
| Total—Current Operations | \$458,563,786 | \$503,940,288 |
| Debt Service | 27,747,237 | 24,299,088 |
| Transfer to Capital Construction Fund | 86,500,000 | 42,900,000 |
| Grand Total | \$572,811,023 | \$571,139,376 |

* Does not include possible deficiency appropriations

TABLE 6. CAPITAL CONSTRUCTION FUND APPROPRIATIONS

| Purpose | Prior Appropriations in Force April 1, 1956 | 1956-57 New Appropriations | Total Appropriations in Force April 1, 1956 |
|--------------------------------|---|----------------------------|---|
| Departmental Projects: | | | |
| Conservation and Parks | \$ 1,582,187.84 | \$ 4,557,200.00 | \$ 6,139,387.84 |
| Correction | 11,392,073.72* | 11,171,800.00 | 22,563,873.72 |
| Education and State University | 27,527,750.35* | 39,942,500.00 | 67,470,250.35 |
| Health | 5,471,384.85 | 295,000.00 | 5,766,384.85 |
| Mental Hygiene | 204,946,009.54 | 38,686,000.00 | 243,632,009.54 |
| Military and Naval Affairs | 2,966,715.55 | 1,840,000.00 | 4,806,715.55 |
| Social Welfare | 2,098,881.74 | 2,855,000.00 | 4,953,881.74 |
| State Police | 798,459.32 | 94,500.00 | 892,959.32 |
| Public Works Buildings | 6,042,150.14 | 2,052,000.00 | 8,094,150.14 |
| Planning and Inspection | 2,127,892.06 | 2,500,000.00 | 4,627,892.06 |
| Miscellaneous | 433,011.77 | 753,660.00 | 1,186,671.77 |
| Unapportioned Equipment | 63,821.56 | 8,400,000.00 | 8,463,821.56 |
| Unapportioned Rehabilitation | 64,957.55 | 4,500,000.00 | 4,564,957.55 |
| Unapportioned Construction | 858,535.33 | 5,000,000.00 | 5,858,535.33 |
| Services and Expenses | 2,037,634.10* | 20,154,410.00 | 22,192,044.10 |
| Sub Total | \$268,411,465.42 | \$142,802,070.00 | \$411,213,535.42 |
| Highways | 126,925,563.53 | 145,000,000.00 | 271,925,563.53 |
| Parkways | 19,077,773.57 | 20,000,000.00 | 39,077,773.57 |
| Grade Crossings | 50,646,453.73 | 20,000,000.00 | 70,646,453.73 |
| Sub Total | \$196,649,790.83 | \$185,000,000.00 | \$381,649,790.83 |
| Flood Control | 802,111.47 | 400,000.00 | 1,202,111.47 |
| Shore Protection | 993,561.48 | 1,000,000.00 | 1,993,561.48 |
| Canals | 1,756,663.94 | 1,200,000.00 | 2,956,663.94 |
| Dormitory Authority | 3,700,000.00 | 4,572,000.00 | 8,272,000.00 |
| Grand Total | \$472,313,593.14 | \$334,974,070.00 | \$807,287,663.14 |

* These items include 1956-57 appropriations made available prior to April 1, 1956: Department of Correction \$133,535, Education and State University \$1,010 and Services and Expenses \$9,048

SELECTED CURRENT SOURCE MATERIAL ON STATE FINANCE

Annual Reports

New York State Budget Division, *The Executive Budget* [1956] 123 pp. (The Governor's Message including summary tables, 1955-56; Legislative Document, 1956, No. 31).

New York State Department of Audit and Control, *Preliminary 1956 Annual Report of the Comptroller* [1956] 14 pp.

New York State Department of Audit and Control, *1955 Annual Report of the Comptroller* [1955] 147 pp.

New York State Department of Audit and Control, *Fiscal Data for Municipalities of New York State*, a summary of the financial operations of local government based on reports filed with the State Comptroller for the fiscal year ending 1953 [1955] 53 pp.

New York State Department of Audit and Control, *State Aid to Local Government*, a brief description of the current types of financial assistance, showing purpose, methods of apportionment, statutory citations and amounts distributed [January, 1956] 54 pp.

New York State Department of Taxation and Finance, *Annual Report of the State Tax Commission, 1953-54* [1955] 187 pp. (Legislative Document, 1954, No. 91).

New York State Department of Taxation and Finance, *The New York State and Local Tax System, 1954* [1954] 35 pp.

Special Reports

New York State Temporary Highway Finance Planning Commission, *Reports (1-3)* [1954-56] (Legislative Documents, 1954, No. 38; 1955, No. 46; and 1956, No. 28).

New York State-New York City Fiscal Relations Committee, *Interim Report* [January 31, 1956] 48 pp.

Temporary State Commission on Educational Finances, *Financing Public Education in New York State* [1956] 342 pp.

Temporary State Commission on the Fiscal Affairs of State Government, *A Program for Continued Progress in Fiscal Management* [February, 1955] 2 vols.

Temporary State Commission on Coordination of State Activities, *Reports on Public Authorities* [1954-55] (Legislative Documents, 1954, No. 55; 1955, No. 24; and 1955, No. 50).