

State budget chief freezes spending

By MICHAEL C. SINCLAIR

ALBANY, N.Y. (AP) — New York State's budget director has imposed a temporary freeze on increased state spending in the wake of Tuesday's defeat at the polls of Gov. Rockefeller's \$2.5-billion transportation bond issue proposal. The targets for cuts in spending, he added, should be lined up within a week. New construction and hiring were cited as possible early victims.

"We've put the lid on spending for the time being until we can make a thorough assessment of where we stand financially," budget chief Richard Dunham said Wednesday. His order, released within 18 hours after the results of the

referendum became clear, notified all state departments that "approval of all actions which would generate increased expenditure levels during the current fiscal year" would be suspended "until further notice." Dunham attributed the necessity for his action to "the fiscal crisis resulting from the defeat of the proposed transportation bond issue."

In a formal statement, released by the governor's office, Dunham said his suspension order would extend to the "filling of all positions which become vacant, new contracts, new equipment, out-of-state travel for public employees and similar actions."

He termed the move "an interim and immediate step undertaken until more detailed plans are developed" to deal with the state's fiscal situation. Dunham predicted that within a week his agency would be able to advise the governor on some more specific areas for cost-cutting within the budget.

"Some steps we can take immediately under executive authority; others will require legislative approval," he said. The ultimate goal is to reduce state spending by \$770 million—an amount equal to the projected state budget deficit at the end of the current fiscal year, he said.

TO GET SPECIFIC

Dunham added, however, that to expect that cuts could be made equaling the \$700-million figure was "unrealistic." "I can't envision any new construction project for the remainder of this fiscal year," he said.

He acknowledged that a probable result of his interim order would be to reduce the size of the state's work force by attrition, as well as leaving vacant some jobs that have been authorized but as yet unfilled. "Obviously there will be cutbacks in existing programs and certainly some programs will be abolished altogether," he said.

Dunham said he was sticking to his agency's forecast of a \$770-million deficit despite predictions by some administration critics who say the shortage could run as high as \$1 billion. "Revenues are off, inflation is putting us in a bind and there are just too many fixed expenditures—such as state aid for schools and social services—to expect that we can ease the deficit by curtailing spending," he said. He expressed "disappointment" that the bond issue was rejected at the polls, saying he was "not sure everybody understood the necessity for it."

The complexity of the state's fiscal system, he said, may have resulted in the failure of the voters to see the interdependency of the budget on a bond issue earmarked for high-