

State Leaders Weigh Cuts in Services

By THOMAS P. RONAN

Governor Rockefeller and leaders of the Republican-controlled Legislature agreed yesterday that the state's fiscal crisis might require "cuts in state services and state aid to schools and local governments and/or increased revenues."

Asserting that "decisive" action was needed, they also raised the possibility of postponing some state payments to the next fiscal year, starting April 1. This device is often used to balance the budget and could include deferring payment of such things as tax rebates.

The Republican leaders said they were considering taking action on the crisis at a special session of the Legislature before the end of the year and might also consider at the session the problem of mass transit and commuter fares.

Two Sessions Possible

Sources in the Governor's office said this might mean a special session in addition to the one already planned for next month for reapportionment of the Legislature.

The possible approaches to the state's fiscal crisis were described in a joint statement by Governor Rockefeller, Earl W. Brydges, the majority leader of the Senate, and Assembly Speaker Perry B. Duryea after a three-hour meeting at the Governor's Pocantico Hills estate in Westchester County.

The meeting also was attended by Robert R. Douglas, secretary to the Governor, State Budget Director Richard L. Dunham, T. Norman Hurd, who is director of state operations, and staff men from the Senate and Assembly.

The statement made no mention of any specific proposals for retaining the 30-cent transit fare here or for limiting an increase in it and in commuter fares.

Bond Issue Vote Cited

The statement noted that the voters' rejection of the proposed \$2.5-billion transportation bond issue on Tuesday had intensified the fiscal problem by \$300-million for the current year. This amount from the bonds had been included in the budget for the present fiscal year.

"This comes on top of an estimated current-year deficiency of \$470-million due to the fall-off in revenues resulting from continued sluggish economic conditions nationally, rising costs and the failure of Congress to adopt revenue-sharing or a welfare reform program," the statement continued.

After noting that the fiscal year with its deficit of "at least" \$770-million, had only

five months to go, the conferees listed the steps the state might have to take, possibly at a special session.

They said that they also had discussed "the impact of the vote on mass transit and commuter railroad fares in the New York metropolitan area and on mass transit upstate."

A package on which the city and state had agreed to save the 30-cent fare at least temporarily called for the use of \$170-million from the bond issue.

'Hold the Line' Policy

The conferees said in conclusion they also had reviewed the impact of the crisis on the budget for 1972-73 and it was clear "that we will have to hold the line on spending at all levels in the coming budget."

During the last session of the Legislature, economy-minded legislators forced the Governor

to pare his proposed 1971-72 budget severely. That he may face further difficulties at a special session was indicated yesterday when Joseph Zaretski, Senate Democratic leader, said he did not see how aid to schools and local governments could be cut.

The Manhattan Senator said the schools and local governments had made up their annual budgets on the basis of the projected state allotments, and he predicted that "schools will close" if their aid was reduced.

He said he believed the Legislature would approve "minimal" tax increases at a special session. The Democrats, he said, had proposed at the last session higher rates for people in the upper income brackets, the treatment of capital gains as ordinary revenue for tax purposes, and other steps that he estimated would bring in \$170-million in a full year.