

# One Of State Authority's Greatest Undertakings Launched Today

## Dean Trabue To Give Talk At Atlantic City

Dr. Marion R. Trabue, dean of the School of Education, will act as chairman of one of the section meetings of college teachers at the American Association of School Administration conference at Atlantic City from Thursday, February 24, to Friday, March 4.

Others from the School of Education who will attend the conference are Dr. Palmer C. Weaver, Dr. Clarence O. Williams, Dr. Arthur S. Hurrell, Dr. Charles C. Peters, and Dr. Frank H. Koss.

Miss Charlotte E. Ray, Dean of Women, Miss Ellen H. Burkholder, and Miss Betty Bell left State College Wednesday for Haddon Hall, Atlantic City, where they will attend a deans' convention.

## \$5,000,000 Program Second Only To Finance Building Started At State Capital Last November 10

When Governor George H. Earle turns the first shovelful of earth at the official ground-breaking ceremonies in Recreation hall this afternoon, he will launch not only the greatest building program in the College's history but also one of the General State Authority's biggest undertakings among the 79 projects comprising its \$65,000,000 construction program.

With a total of \$5,000,000 allocated to the College last August, the program here is second only to the state government's new seven-million-dollar Finance building at Harrisburg, under way since last November 10.

### Authority Created In 1935

Today's ceremonies also will mark the completion of another chapter in the history of the State Authority, which has barged through a maze of legislative and judicial somersaults to become one of the most important financial organs in the state government.

The Authority was created as a public corporation and governmental instrumentality by the state legislature on June 28, 1935, in order to provide a means whereby the commonwealth could avail itself of the Federal Emergency Administration of Public Works funds, despite the constitutional interdiction on the state's borrowing capacity.

### Declared Unconstitutional

With the Authority declared unconstitutional by the State Supreme Court soon afterward, the state legislature voted to place a \$42,000,000 bond issue on the ballot in a state-wide referendum to finance the program.

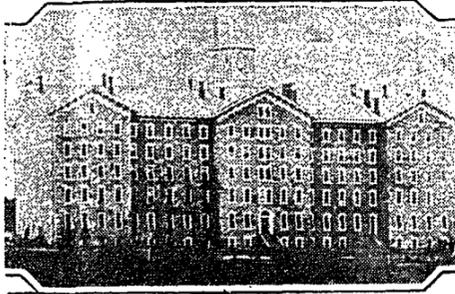
Meanwhile, Attorney-General Charles G. Margiotti was granted his petition for a rehearing before the Court. Doubtful of Court sanction, however, the legislature voted the referendum proposal a second time, as required by the state's constitution.

On February 4 last year, after review of the act, Justice Kephart handed down the Court's opinion, reversing its original stand and declaring that "the General State Authority Act and the undertakings in pursuance of its are constitutional."

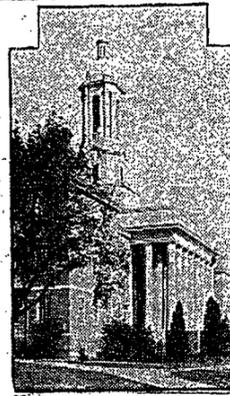
Purposes of Authority  
Two months later—on May 18—the act was amended by the legislature, clarifying the purposes of the Authority:

"The Authority is created for the purpose of constructing, improving, maintaining, and operating sewers, sewer systems, and sewage treatment works for state institutions of every kind and character (heretofore or hereafter constructed), public buildings for the use of the commonwealth, state arsenals, armories, and military reserves, state airports and landing fields, state institutions of every kind and character (heretofore and

## Old Main, With And Without Chimes



Although only one wing of the original "Old Main" (above) had been built when Dr. Evan Pugh, 31-year-old chemist, became the first president of what is now the Pennsylvania State College in 1859, the building was completed in its entirety five years later, when the institution was officially renamed to the Agricultural College of Pennsylvania and designated by the state legislature as the land-grant college of Pennsylvania. Twice remodeled, the building finally was rebuilt with the same stone in 1929 into the present structure (left).



hereafter constructed), additions and improvements to land grant colleges, state highways, and bridges, tunnels, and traffic circles on state highways, swimming pools, and lakes on state land, and dams and improvements to river embankments (any and all of the foregoing being herein called "projects")."

### Bond Issue Opposed

Meanwhile, with the act's constitutionality established by the Court, the \$42,000,000 bond issue became meaningless, inasmuch as the Authority was given the power to manipulate state retirement funds in such a way as to save an estimated \$12,000,000 for the treasury.

er, the question could not be erased off the ballot. Consequently, the administration advocated its inter-departmental savings plan and opposed the bond issue. Minus any organized backing, the issue was snowed under at the polls.

### Existing Setup

Under the existing setup, the work of the Authority is being financed by approximately \$45,000,000 worth of special Authority bonds, plus an additional federal outlay of \$10,000,000 to \$20,000,000. The bonds, originally slated to be sold to the federal government at 4 per cent interest, have been sold to the teachers' and employees' retirement funds. It is in this shift of sales that the administration estimates a \$12,000,000

saving to the commonwealth.

Under the law, the retirement funds must earn 4 per cent on their investments, with the state required to supply any deficiency. Approximately \$35,000,000 of these funds are invested in government and municipal bonds, yielding an average of 2.8 per cent interest and leaving a 1.2 per cent deficiency for the state to make up.

### Savings Realized

Thus, it is pointed out, with the sale of the bonds to the two retirement funds at the same rate as was scheduled under the federal-government plan means no loss to the Authority, but on the contrary, leaves the taxpaying public \$12,000,000 richer, inasmuch as the retirement funds are earning their required interest without any assistance from the state's general fund.

The Authority receives an outright grant of \$10,000,000 from the federal government, plus a provisional grant of another \$10,000,000, conditioned upon the Authority's use of certified relief labor, the costs of which are meant in a ratio of \$1.33 1-3 to every dollar spent by the Authority.

Executive director of the Authority is Col. Augustine S. Janeway, with Joseph A. Cunningham as administrative assistant and James B.

Kelly, assistant executive director.

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