

Budget delay may cause crunch

HARRISBURG (AP) — Hundreds of thousands of Pennsylvanians will immediately feel the pinch if the legislature doesn't pass a state budget in the next 11 days.

But state grants to college students would not be withheld. By law, the state Higher Education Assistance Agency can award grants at the previous year's level if the budget isn't passed on time, director Ken Reher said.

However, every state resident would be affected, since without a budget, the state can't spend any money.

However, the situation could be avoided if the 108,000 state employees agree to work temporarily without pay, as they did once before, and if vendors agree to provide supplies in exchange for the state's I.O.U.

"If we make those assumptions, there's no problem. But some of those assumptions are questionable," said John Hope, spokesman for the Department of Environmental Resources, (DER) whose services include maintaining air and water quality.

The House will debate the budget and proposed school funding issues this week, but budget passage by the June 30 deadline seems questionable.

As the budget stands now, either the 6 per cent sales tax or the 2 per cent state income tax would have to be increased to fund expenditures.

Most of the legislators have never had to vote on a tax hike and are leery of it. House leaders concede they are expecting a rough time in rounding up enough tax votes.

Gov. Shapp already has said he opposes any attempt to pass stop-gap appropriations which would pay the bills until the budget is passed. A Shapp spokesman said stop-gaps "are irresponsible... and don't solve the budget dilemma."

Without stop-gaps, state officials couldn't pay state workers.

"We would expect them to work with the expectation

they would be paid later," said Chris Zervanos, state director of labor relations.

They did in 1973, when the budget was passed late and the state went without money for 12 days.

"Their response was responsible," Zervanos said. But he conceded that as the payless paydays wore on, "That would stretch pretty thin."

Here are some of the effects of a budget-less state, assuming state workers agree to payless paydays:

PUBLIC ASSISTANCE

Checks would not go out to 350,000 families who receive cash subsidies to buy food, clothing and shelter. That involves 800,000 persons, including 450,000 children.

Medical treatment paid for by the state would not be affected, state Welfare Secretary Frank Beal said.

Issuance of food stamps also would not be affected. But many persons need their public assistance checks to buy the food stamps, Beal said.

CONSUMERS

Much of the state's regulatory work depends on travel. If problems arise with travel expenses and gas, the Agriculture Department won't be able to check food processors and weighing devices in stores. Health inspections of farm animals would decrease or halt, said Agriculture Secretary Kent Shelhamer.

Similarly, DER's checks, for example, on water and sewage systems require traveling, although DER's John Hope said state gas supplies could be available... assuming the state can obtain gas.

ELDERLY

Processing of property tax rebate checks to the elderly could be slowed or halted. They are normally done in early July.

Persons in nursing homes who depend on the state to pay their bills wouldn't be evicted. There's typically a month's delay between services rendered and payment of the bill by the state.

TRANSPORTATION

Will roads stop being paved? No, says James Vovakes, director of fiscal management, a fiscal analyst for the state Department of Transportation.

But he noted that depends on PennDOT employees working without pay, and road contractors working for a state I.O.U.

"In 1973, I believe in most cases the contractors continued in good faith, believing it was only temporary," he said.

RETIREMENT

If state workers are around to mail them, retirement checks will go out, said Andrew Sheffler, of the Public School Employees Retirement Fund. Only part of the retirement fund comes from state appropriations.

LOTTERIES

They'll still be held. The state lottery prizes come from the money people spend on lottery tickets, not from state appropriations.

LIQUOR STORES

"All we need is an executive authorization from the governor to continue our operations," said William Hardenstine, assistant comptroller in the Liquor Control Board. "Since we generate our own revenues, the budget crisis doesn't affect us."

HEALTH

As long as physicians and researchers on the Health Department payroll continue to work without pay, laboratories and health care centers would function.

But travel expense problems crop up here, too. Such services as child health care, school immunizations, public health nurses, screening of newborn children and venereal disease treatment might be halted, a spokesman said.

Also, if health officials can't inspect nursing homes on schedule, some homes stand to lose their federal funding.

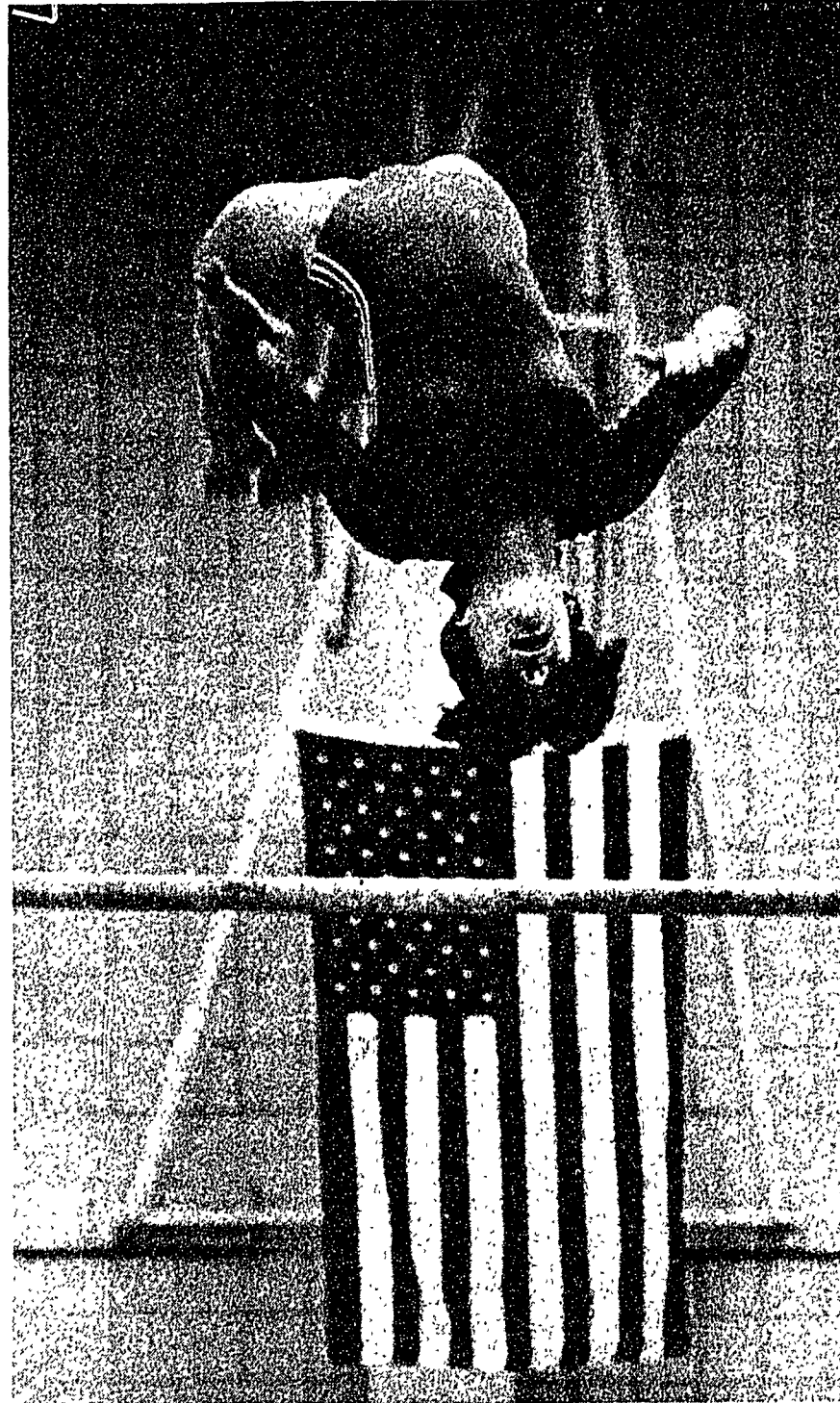


Photo by Patrick Little

Penn State's top gymnast, Ann Carr, (above) placed second at the U.S. World Games trials over the weekend. She will be part of a five-woman team that will travel to the games in Bulgaria later this summer. See related stories and photos on page 5.

the daily Collegian

Ten cents per copy
Monday, June 20, 1977
Vol. 78, No. 6 10 pages
University Park, Pennsylvania
Published by Students of The Pennsylvania State University

Oil starts 800-mile trip

PRUDHOE BAY, Alaska (AP) — The world's largest and most expensive private construction project, the \$7.7-billion trans-Alaska oil pipeline, begins carrying black gold today. Oilmen say the procedure will be about as dramatic as turning on a garden hose.

"Everything is ready to go; we're in good shape. There is a lot of hurrying and scurrying going on... mostly cleaning up for reporters," said Mike Jens, manager of Pump Station No. 1.

Startup of the 800-mile line from Alaska's North Slope oil fields to Valdez, an ice-free port on Prince William Sound, "is not a spectator sport," said Henry Mowell. He is vice president of operations for the Alyeska Pipeline Service Co., the consortium of eight oil companies building and operating the line.

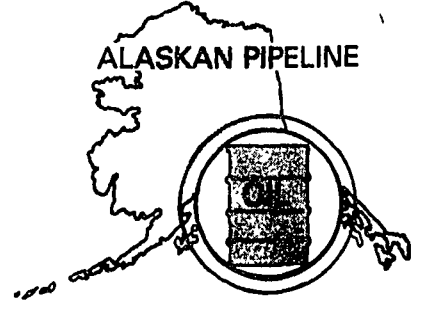
No important state officials were expected at Prudhoe, no ceremonies were planned, and Gov. Jay Hammond will be hundreds of miles away, on a tour of the National Guard facilities.

The actual startup will be executed on Mowell's orders at Valdez. The crude oil is expected to reach the terminal in no less than 30 days, and no later than July 20.

Alaskans have dreamed of this day ever since July 1968, when the Atlantic Richfield Co. and Humble Oil & Refining, now Exxon, confirmed discovery of oil.

The pipeline company plans to move 600,000 barrels of oil through the line daily almost immediately after startup. By the middle of next year, 1.2 million barrels will be transported daily, equal to seven per cent of the nation's daily consumption of 17-million barrels.

The pipeline, three years in construction over some of the most forbidding terrain in North America, has been ready to perform for weeks. Testing of equipment has been under way ever since Alyeska notified the federal government 60 days ago that the 48-inch diameter steel tube, 12 pump stations and \$1.25-billion terminal at Valdez were ready.



In Washington, the Department of the Interior announced yesterday that it has approved the startup of the pipeline.

"By approving startup we are not signifying that we believe this entire

transportation system — pipeline, terminal, and marine tanker routes — is absolutely perfect," said Under Interior Secretary James A. Joseph.

"We do believe, however, that the national need for oil from arctic Alaska far outweighs the importance of any remaining potential problems. A careful analysis of matters still unresolved has convinced me that this oil transport system is capable of operating safely and with minimal adverse effects on the environment," Joseph said.

The Interior Department will continue to monitor the pipeline with "unrelenting vigilance," he said. Nitrogen was pumped into the oil line to eliminate the possibility of an explosion when the highly combustible oil enters it.

Today's first order of business is insertion of an 8-foot-long scraper called a "super pig." The device, pushed by the oil, is equipped with a mechanical knocker. Oil tracking teams on the ground will be able to hear the rapping as they trace the oil south.

Two experienced pipeline men, Harry Robertson and Bob McGill, will lead tracking teams that follow the oil down the line, reporting to the Start-up Steering Committee in Anchorage. State and federal monitors will work with them.

After oil reaches Valdez, it will take about 5 days to fill storage tanks sufficiently to allow ships to load.

Alaskan oil won't lower prices

NEW YORK (AP) — The millions of barrels of oil from Alaska's North Slope will create new problems for America's complex petroleum distribution system. And the new supply won't lower consumer prices.

After nine years of controversy and construction, oil will begin moving through the trans-Alaska pipeline today, from Prudhoe Bay in the north to Valdez in the south. The first shipment by tanker will reach California in August.

The pipeline is expected to carry at least 1.2 million barrels of oil a day by the middle of next year — 7 per cent of the nation's daily consumption of 17 million barrels.

Ironically, in the midst of an energy crisis, most observers believe the Alaskan oil will create an over-supply problem on the West Coast, which has been importing oil from the Midwest and Indonesia. The surplus might reach 400,000 barrels a day, some oil companies estimate.

That's because the West Coast lacks the refineries to process Alaska's high sulfur content oil. The Gulf Coast and the East have this type of refinery, but how to get the Alaskan oil there?

With so much additional oil, consumers might expect prices to decrease and supplies to increase. But that will not be the case, due to the government's decision to permit the sale of Alaskan oil at the foreign oil level of \$14 a barrel instead of the highest domestic price, \$11.28 a barrel. The high cost of pipeline transportation determined the government's decision.

"The difference seen by the consumer will be zero," said Doug Robinson, Alaskan oil project coordinator for the Federal Energy Administration (FEA). "What he is getting is a more secure source of supply, but not a price break."

The 800-mile, \$7.7 billion pipeline was built by a consortium of eight companies, called Alyeska Pipeline Service Co., to bring out their own oil from the northern field. Three firms — Sohio, Exxon and ARCO — are the major partners. Spokesmen for all three said their shares of the Alaskan oil will replace foreign oil used by refineries.

The advantage, simply, is that the tundra belongs to

the United States, so the money — more than \$5 billion a year — will stay in the country.

Two major alternatives have been under consideration for months as solutions to the over-supply problem on the West Coast: Ship it by tanker or pipeline to Gulf Coast refineries or ship it overseas, most likely to Japan.

Such oil experts as John Lichtblau of the Petroleum Industry Research Foundation prefer exportation to improve the U.S. balance of payments.

But current law forbids exportation of American oil. Ben Cooper, a member of the staff of the Senate Subcommittee on Energy Conservation and Regulation, said there is little chance that Congress would change the law, even if President Carter recommended a change.

So that leaves shipment to the Gulf Coast. But oil companies have not been able to win approval from local authorities for construction of a West Coast-Gulf Coast pipeline, or even permission to convert an existing, unused natural gas pipeline.

Tankers would have to take the oil through the Panama Canal to the Gulf Coast, and oil company officials say there are not enough tankers available for such use. Sohio executives estimate that under the best circumstances, 100,000 to 400,000 barrels of unrefined crude still will accumulate each day as surplus on the West Coast.

Lichtblau said one alternative, for some of the firms, might be the use of small existing pipelines. But the industry says it still will need a major pipeline connecting the West and Gulf Coasts.

The paradox of more oil but at the same price is complex. To understand the current pricing structure, one must go back to the oil shortages of the early 1970s. Along with the price increase, the shortages resulted in federal government regulation of oil prices.

Under current U.S. law, the ceiling on domestic oil found before 1972 is \$5.25 per barrel. On domestic oil found after 1972 it's \$11.28.

In addition, the so-called "entitlements program" protects oil companies with large reserves of pre-1972 oil when the program began.

Arabs give clean bill of health

U.S. companies off boycott list

ALEXANDRIA, Egypt (AP) — General Motors Corp. and Westinghouse Electric Co., two American business giants threatened with being blacklisted, have been "cleared" after submitting proof they have no dealings with Israel, Arab boycott officials revealed yesterday.

Mohamed Mahgoub, an Egyptian who is chief administrator of the Damascus-based Arab League boycott organization, said Westinghouse and GM offered documentary proof that they have no business ties with Israel.

The boycott organization, which has offices in 20 Arab countries, served notice three months ago the two U.S. firms would be blacklisted by the Arab states if allegations proved true that they were doing business with Israel.

Spokesmen for GM and Westinghouse said their companies were not on the boycott list.

A GM spokesman in New York said his

firm sells cars in Israel and the company plans no change in policy. General Motors, headquartered in Detroit, is the world's largest auto manufacturer and was ranked second to Exxon Corp. in sales among the top 50 U.S. firms at the beginning of 1976, according to the New York Stock Exchange.

A spokesman for Westinghouse in Pittsburgh, Pa., said his firm has submitted bids along with two other American companies to supply nuclear equipment for an Israeli power plant to be built in the 1980s.

He said the Arabs were aware that the bids are pending and that Westinghouse has not withdrawn them.

"There was no problem in bidding to be a supplier of equipment for a nuclear power plant Israel itself is building," he said. "The problem was whether Westinghouse itself would be the builder."

Westinghouse is a major manufac-

turer of electrical and mechanical equipment used by power companies, railroads, and industrial plants. It was ranked 26th among America's top 50 firms at the beginning of 1976.

Under legislation awaiting final passage by the U.S. House, American companies generally will be forbidden from cooperating in the Arab economic boycott. But the compromise language in the bill will permit U.S. businessmen operating in an Arab state that honors the boycott to comply with local import laws.

Correction

Friday's In Edition column incorrectly reported that former Undergraduate Student Government President Joe Seuffer did not list USG president as one of his extracurricular activities in La Vie. Seuffer said he listed the activity, but La Vie did not print it.

'Watchdogging' SALT problem

WASHINGTON (UPI) — American disarmament experts believe the biggest obstacle to a strategic weapons agreement with Russia is a verification system whereby each side can tell whether the other is cheating. Some say it is insurmountable.

Among those taking the gloomier view is William Van Cleave, a member of the first SALT negotiating team, who says even the current arms agreement with the Soviet Union no longer can be adequately policed because of advances in technology.

And the experts agree in general that a limitation agreement without verification would be worse than none at

all, since it could foster mutual mistrust and eventually an acceleration in the arms race.

In the 1972 SALT agreement, the verification problem was handled by what is described as "national, technical means of verification." That meant sophisticated satellites and radar, as well as radio listening posts, monitoring the other side's activities.

Van Cleave argues that the satellites only verify launchers, not missiles. In 1972, it was assumed one launcher meant one missile. Now the Soviets have developed a reloading capacity, so that another missile can be dropped into a tube within a few minutes, and the

United States no longer knows how many missiles the Soviets have.

One high American disarmament official said Van Cleave overstates the case — that reloading is not as easy as he and others claim.

But that official acknowledges verification is getting more complicated, especially in the case of weapons that can be moved around readily.

Consider the problem with verifying a cruise missile. A long-distance cruise missile — essentially a pilotless jet aircraft — looks exactly like a short-range missile from the outside.

\$4.9 million is approved for stadium renovations



Photo by Barry Wyshinski

University President John W. Oswald talks with several trustees after the Board of Trustees meeting Friday afternoon. The trustees met in Keller Conference Center and approved Beaver Stadium renovations.

The University's Board of Trustees accepted a bid last Friday for the expansion of Beaver Stadium which will not include new press box facilities and some concession stands as originally planned.

The stadium expansion was overbid last month by \$1.4 million and new bids, with non-seating improvements considered as options, were collected.

The successful bidder was H.B. Alexander and Sons, Inc. who bid \$4,338,000. The total project will cost about \$4.9 million, including costs such as engineering consultant fees.

As well as increasing the seating capacity from 60,192 to 76,017, the optional improvements include:

- Ground-level restroom facilities for the handicapped.
- Adding 12.5 feet to the existing elevator.
- Construction of four additional restroom-concession buildings at the intermediate level.
- Installation of a large high-speed elevator at the rear of the existing press box.
- The installation of a new transformer to meet expanded electricity needs.

The East and West portions of the stadium will be lifted on hydraulic jacks, and new concrete seating will be slid underneath.

Weather

To all sunworshippers: Here's the one you've been waiting for. Mostly sunny today with an afternoon delight high of 80. Clear and cool tonight, low 55. Tomorrow, mostly sunny and pleasant, high near 78.