

Block Grant funding: Federal budget cuts may affect local share

By MARGARET ANN WALSH
Daily Collegian Staff Writer

The future of State College's Community Development Block Grants may be in jeopardy as a result of federal budget director David A. Stockman's proposal to eliminate the funds.

However, Municipal Manager Carl B. Fairbanks said he does not think State College will lose the money.

"I don't believe the grants will be eliminated, but I do believe they will be reduced, maybe by 10 percent," he said.

Centre Region planner Dennis Elphert said the timing of Stockman's announcement "was kind of ironic," but he did not know how it would affect State College.

"I haven't seen Stockman's detailed proposal, and nobody knows what Congress will eventually do," he said.

Stockman has proposed phasing out \$4.2 billion in block grants after 1983.

Fairbanks said he was originally told that State College could expect between \$730,000 and \$780,000 annually for three years from the block grants program, but after Stockman's announcement, Fairbanks said he thinks the amount the region will receive will be out by some percentage.

State College is receiving the grants as a result of being designated a Standard Metropolitan Statistical Area in the 1980 census.

State College Municipal Council's Community Development Block Grant Committee met Tuesday to decide what to do with the federal funds. The meeting was a round-table discussion on the possible uses for the funds. The committee made no decisions; they just passed suggestions.

"We have to recognize conflicting de-

mands and needs—worthwhile demands and needs," he said.

Fairbanks supports using the first year's funds for large projects—such as installing new lights downtown and in heavy residential areas, completing the senior citizen housing and reconstructing several streets.

The three general areas where the funds are allowed to be used are to help low- to moderate-income citizens, to improve housing stock and to encourage economic development, he said.

"We think the students are the low-income citizens and street lighting is a benefit to pedestrians—where they walk—and also good streets," he said.

Funding social services should be a future use of the funds, Fairbanks said. But before the money can be used for social services meetings have to be set up and applications evaluated from all agencies wanting some of the money.

"We could be reviewing applications until July or August that way, and there would be a very real risk of losing the funds for 1982," he said. "We cannot afford to jeopardize \$700-and-odd thousand in federal funds."

By using the funds for street reconstruction or in streetlight installation, State College can get the projects underway without running the risk of losing the funds, Fairbanks said.

Council and committee member Felicia Lewis said, "Time is an overriding factor in deciding how to spend the funds."

Lewis has suggestions for using the funds after the first year.

"Beyond that (the initial projects), I'm particularly interested in the possibility of the expansion of Schlow Library (100 E. Beaver Ave.) so it will be more accessible to the handicapped and elderly," she said.

Lewis said she is also interested in creating a community center that could be used by a number of service agencies and utilizing the money to rehabilitate housing in the region.

Ray Boyle, the Consumer Party candidate who ran for council last month, said he and several other people are interested in the use of the CDBG funds.

State College should invest the money in social programs, such as a Community Action Weatherization program, he said.

police log

• Gary Grunthaler, 201 Elwood St., told State College Police on Wednesday that two Christmas trees were cut down from Landscape I, 201 Elwood St. The two trees are valued at about \$140, made no decisions; they just passed suggestions.

• Chris Shed, 417 E. Prospect Ave.,

WPSX participates in fund raiser

By participating in a program titled Festival '81, WPSX-TV—channel 3—may raise funds needed to purchase educational programs such as Masterpiece Theatre.

William J. Planders, coordinator of WPSX development activities, said the fund drive is an attempt to raise about \$40,000. The station needs about

\$200,000 this year to purchase programs, he said.

Festival '81 began Nov. 27 and continues through Monday. Viewers can make donations by calling the station at 863-2800 from 6 p.m. to midnight Friday and from 4 p.m. to midnight Saturday and Sunday. Donations may be paid by an installment plan, he said.

Viewers can also make contributions by sending checks to WPSX-TV, Wagner Annex, University Park, Pa., 16802.

FBS stations nationwide are sponsoring similar fund drives; however, the funds collected by WPSX will be used by the station.

—by Marcy Mermel

Bankruptcy tie-in unknown

By REBECCA CLARK
Daily Collegian Staff Writer

Although the number of students claiming bankruptcy is small, the University does not know if students are using bankruptcy as a means of getting out of paying their National Direct Student Loans, the University's Deputy Controller said.

"We do not know that students use bankruptcy for this purpose," George Lane said. "We have a few students who claim bankruptcy who also have outstanding NDSL loans. We do not know all the conditions surrounding their claims of bankruptcy."

Lane said the University has lost very little money as a result of bankruptcy claims.

If a student claims bankruptcy, the University is required to release holds on his or her records, Lane said. By law, the University is not allowed to hold on to a student's academic records if bankruptcy is a reason for an NDSL default.

"We release holds on a student's records by not honoring registration for classes and not releasing transcripts," Lane said.

However, one problem is that many students have transcripts sent before the University can determine whether the loan will be paid.

Lane said the number of NDSL defaults based on bankruptcy claims should not force the University to cut down on the number of NDSL's that are given each year.

Although the University does not have many NDSL default cases as a result of bankruptcy claims, an official representing the Pennsylvania Higher Education Assistant Agency in Harrisburg said the number of bankruptcy claims on Guaranteed

Student Loans has increased from last year and is expected to continue to increase in the future.

"We are averaging 50 claims a month this year, last year we averaged 30 a month," Verona Blaine, PHEAA representative, said.

The high cost of living and the inability of people to pay their bills are the main reasons for the increase, she said.

In PHEAA's fiscal year, Blaine said PHEAA expects to lose about \$7,700 in Guaranteed Student Loan money as a result of bankruptcy claims. However, Blaine added that she is not sure whether PHEAA will lose that much money.

"We could lose this amount but we are not sure because some students are still in school and repayment doesn't start until after they graduate. Also some cases are still pending in court," Blaine said.

Although the number of students who are declaring bankruptcy has increased, Blaine said PHEAA will have a better chance of having loans repaid because of a "non-discharge ability clause." The clause, which is a part of United States bankruptcy laws, states that if a student has been out of school for less than five years, he or she cannot declare bankruptcy as a reason for not repaying the loan.

"Students have to pay back their student loans if they have been out of school for less than five years," Blaine said.

However, Blaine said students can claim exemption from this clause if they can prove "undue hardship." For example, if a student has children with severe illnesses that result in high medical bills, has a disability, or has not been able to find any type of employment.

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toid University Police Services on Wednesday that his calculator was missing from the fourth floor of Patten. The calculator is valued at about \$250, police said.

—by Francine Kaufman and Kathy Andrews

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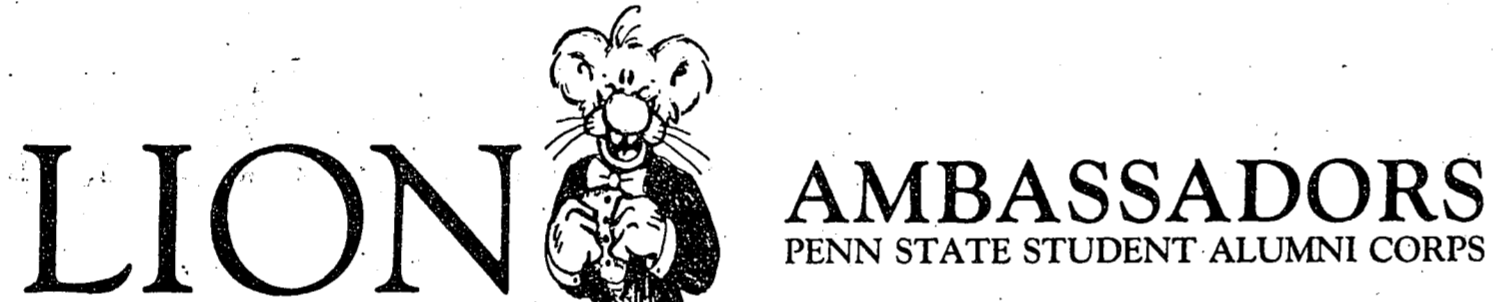
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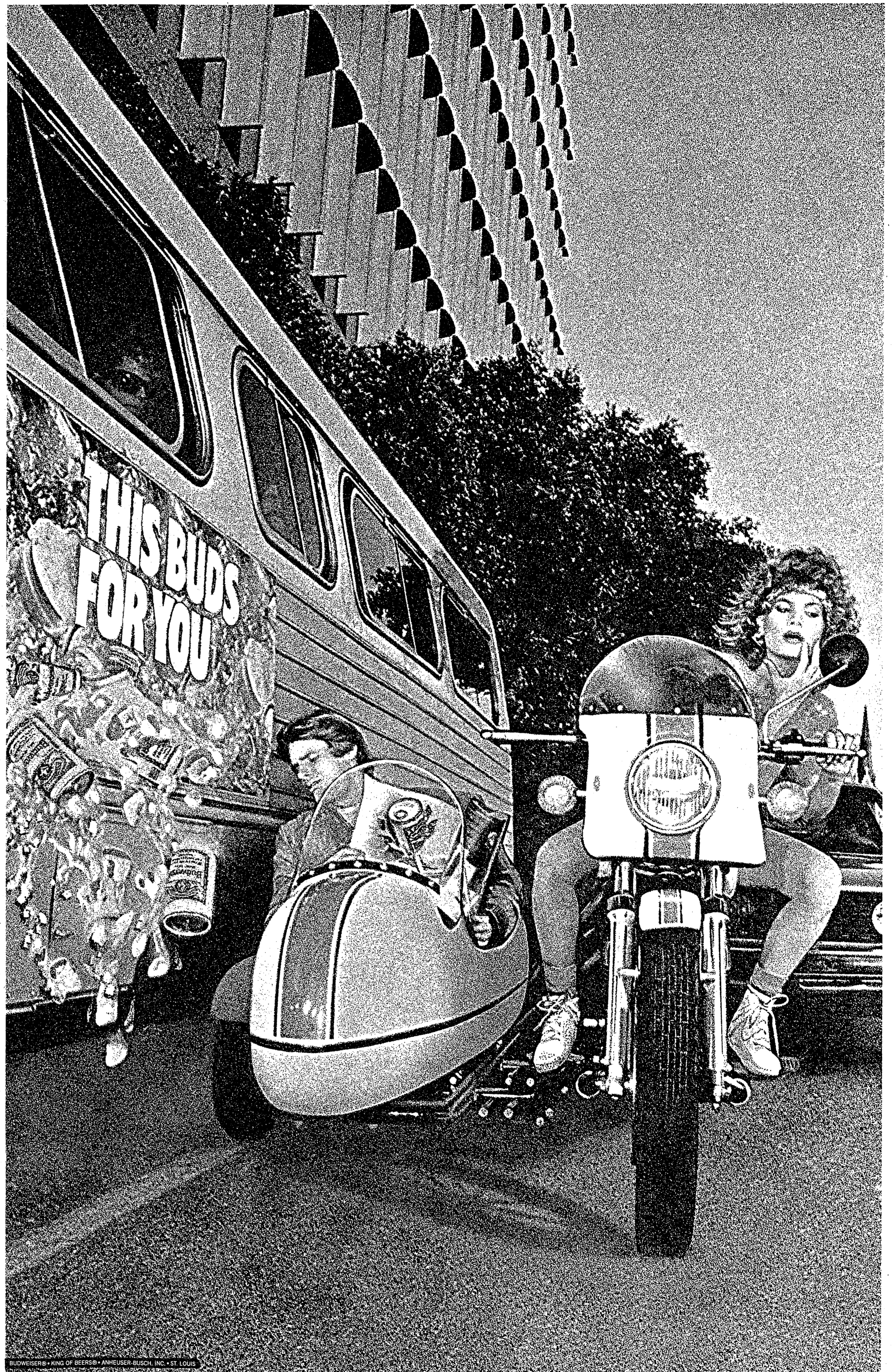
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