



# Texas A&M The Battalion

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## Regents approve 7 percent cut in budget

By MONA L. PALMER and SONDRA PICKARD Staff Writers

In accordance with Gov. Mark White's ordered spending reductions, the Texas A&M Board of Regents approved Wednesday a 7 percent cut in the University's budget which will result in savings of \$37 million.

Although White's order directed state agencies to cut spending by 13 percent, which would have resulted in a \$67 million savings, A&M officials have said the governor's goals cannot be realized.

But White, on campus Wednesday for other business, said he was pleased with the imagination and creativity found in A&M's budget proposals.

"I wouldn't say the cuts are acceptable," White said. Under the Texas Constitution, White lacks the power to order such spending cuts.

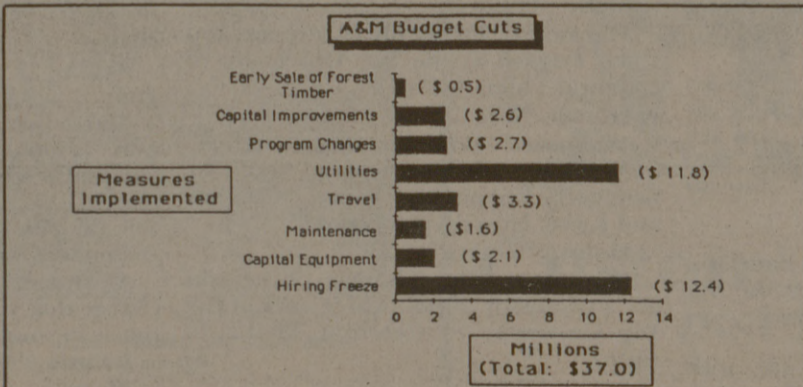
A&M Chancellor Arthur G. Hansen said, "I think the governor's approach to this has been very strong and very positive."

At the meeting, Hansen outlined specific cost-saving measures, including an immediate hiring freeze.

The freeze will save the University \$12.4 million, but no forced layoffs will result and critical positions will be filled with the chancellor's approval.

Also, a substantial cut in utility spending will save \$11.8 million.

Regent Joe Richardson said the University saved \$4 million in utilities in 1984, and questioned how the University could cut even more.



He was told that the previous \$4 million savings will reduce the total cut to \$7.8 million.

The reductions will also save:

- \$3.3 million by eliminating

travel except in approved cases.

- \$2.7 million by consolidating programs.

- \$2.6 million by reducing capital

investments such as construction, repairs, renovations and equipment.

- \$2.1 million by reducing capital equipment expenditures.
- \$1.6 million in maintenance and other expenses.
- \$0.5 million from the early sale of forest timber.

Hansen said the budget reductions are dynamic and need to be monitored.

"We will watch this with great care," he said. "We are setting up a system to monitor the savings that we are achieving month by month, and we will report back to the board on these savings."

"More than that, I hope that we can bring forth the point of view to the System that we are not going to lose the quality edge and the momentum that we have."

"We can keep our research programs strong, we can maintain a good faculty, and hopefully this is in line with what the governor has said."

In other cutbacks, A&M and Tarleton State University will revise their summer school programs, but Dr. Gordon Eaton, provost for academic affairs, said the revisions won't affect the 1986-87 summer sessions.

"If you dropped all of summer school and cut it in half you'd be saving faculty salary money," Eaton said, "but you'd be losing tuition income and dormitory fees — it's not the great bargain some people might think it is."

"We're going to weigh the issue very carefully on a college-by-college basis."

## Fire in state building believed accidental

Associated Press

AUSTIN — Authorities searching for the cause of a four-alarm fire that damaged the attorney general's offices in the Texas Supreme Court Building Wednesday downplayed earlier reports of possible arson.

Pat McNicolas, Austin Fire Department chief investigator, said a microwave oven and extension cord from it were being "studied as accidental sources" of the fourth-floor fire that injured no one.

He said there was "nothing to indicate" arson.

Earlier, an assistant fire chief said the fire "looks suspicious." State Fire Marshall Ernest Emerson said, "We are of the opinion that it's undetermined and under investigation."

The seven-story building was empty when the fire broke out shortly after 6 a.m.

Some 80 firefighters fought the blaze before bringing it under control at 6:57 a.m., said Fire Capt. Mike Van Blaricom.

State workers weren't allowed back into the building because of potentially dangerous fumes caused by



Photo by GREG BAILEY

## Soup's On

Hundreds attended the International Food Fair in the Memorial Student Center Wednesday night. Participants were able to sample foods from 30 countries.

## Two House panels vote against aiding Contras

Associated Press

WASHINGTON — Two House panels, ignoring President Reagan's argument that the United States must be spared sending "our own American boys" to Nicaragua, voted Wednesday to recommend against giving \$100 million to rebels fighting the Sandinista government.

The House Intelligence Committee voted 9-7 against the aid package. A short time later, the House Foreign Affairs subcommittee on the Western Hemisphere voted 8-5 against the proposal.

The two sets of votes in the Democratic-controlled panels marked the opening salvo in legislative battles over Reagan's proposal. The votes came shortly after Reagan said that lawmakers faced "a historic decision."

Nine of the intelligence committee's 10 Democrats voted against the proposal, with only Rep. Dan Daniel of Virginia joining with the Republicans. Despite the committee's opposition, the request for \$70 million in military aid and \$30 million in logistical aid must still go to the House.

Reagan earlier told a White House audience that "if we give them the aid they need, the Nicaraguans can win this battle for freedom on their own. American troops have not been asked for and are not needed."

*"If the members of Congress hide their heads in the sand and pretend the Nicaraguan threat will go away, they are courting disaster and history will hold them accountable."*  
— President Reagan to a White House audience.

"We must make sure they (U.S. troops) never are needed," Reagan told members of a Jewish organization. "We send money and material now, so we will never have to send our own American boys."

"But if the members of Congress hide their heads in the sand and pretend the Nicaraguan threat will go away, they are courting disaster and history will hold them accountable," he said. "Nothing less than the security of the United States is at stake."

Earlier, Defense Secretary Caspar Weinberger argued that the leftist Nicaraguan government was becoming a "second Cuba on the American mainland (meaning) the Warsaw Pact will have effectively outflanked us."

Rep. Bob Livingston, R-La., an intelligence committee member, said Wednesday's vote indicated that Reagan's proposal faces major obstacles in the Democratic-dominated House.

"It is painfully apparent that the Democratic Party policy is to do whatever is necessary to obstruct the president's policy in Nicaragua," Livingston said.

House Speaker Thomas P. O'Neill Jr., D-Mass., told his daily news conference that military aid won't really help the outnumbered "rag-tag" Contras and said he feared approval of the request would lead to direct U.S. involvement.

O'Neill said he has heard estimates that because it took 7,000 troops to overthrow the government of Grenada, it would take from 100,000 to 150,000 to defeat Nicaragua's government.

"I can see what's happening," he said. "Eventually, some American will be wounded and you'll find us in the fray. I think it's a wrong American policy. You ought to be able to go the diplomatic route. I haven't met a world leader who agrees with American policy."

Rep. Richard Gephardt, D-Mo., chairman of the House Democratic Caucus, flatly predicted that Reagan's \$100 million request would be defeated on the House floor, although leaving open the possibility of an eventual compromise.

## New home sales up in January

Associated Press

WASHINGTON — Sales of new homes climbed 4.4 percent in January to their highest level in two years as the housing industry enjoyed a boom spurred by falling mortgage interest rates, the government reported Wednesday.

The Commerce Department said new single-family homes were sold at a seasonally adjusted annual rate of 753,000 units in January, the best monthly showing since December 1983.

The January sales pace was 20 percent higher than a year ago and was just one of a number of signals pointing to a sharp revival in housing activity.

Construction of new homes has jumped by 26 percent since November.

Starts hit an annual rate of 2.09 million units in January while sales of existing single-family homes rose to 3.3 million units, their highest levels in seven years.

The surge in activity has come from sizable declines in mortgage interest rates in recent months.

Lenders in some parts of the country are offering mortgages below 10 percent, something that hasn't happened since October 1978.

Richard Peach of the National Association of Realtors, said, "It is clear that the housing markets are opening up to many buyers who have

## Rates for refinancing home mortgages fall

Associated Press

NEW YORK — As interest rates for some home mortgages fall to single-digit levels for the first time in 7½ years, homeowners are flocking to cut their payments by refinancing mortgages at the lower rates.

Some lenders report a tripling of inquiries and requests for refinancing, as well as a surge in home buying, all sparked by the sharp fall in interest rates on traditional fixed-rate mortgages.

"We've had craziness here like everyone else," said Charlie Ferraro, an assistant vice president

for mortgage marketing at Bank of New England in Boston, which is offering 30-year and 15-year fixed rate mortgages at below 10 percent.

"People never thought rates would get down to single digits again," Ferraro said. "All the recent publicity has sparked a tremendous increase on the refinancing side."

Although individual cases vary because of differing fees charged by lenders for loans, the savings

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been waiting for years for interest rates to fall to affordable levels.

"Declining mortgage rates have helped make this the best time to buy a home since 1978."

The association's monthly index of housing affordability is above 100 for the first time in seven years, meaning that a typical family earning \$27,873 annual had enough in-

come to qualify for a mortgage on a median-priced home.

The improved affordability picture has been credited to the drop in interest rates.

Michael Sumichrast, chief economist for the National Association of Home Builders, said the decline in rates means that 3 million more potential buyers can qualify for mortgages.

Sumichrast said his surveys found developers' expectations for future sales were at their highest levels in four years.

Many economists forecast that mortgage rates will fall even further in coming months.

The Federal Home Loan Bank Board said Wednesday that effective interest rates for fixed-rate mortgages dropped to 11.34 percent in early February from 11.45 percent in January and 13.48 percent a year ago.

A weekly survey done by the Federal Home Loan Mortgage Corp. put fixed-rate mortgages at 10.51 percent last week, the lowest they have been since April 1979. This survey, unlike the bank board report, does not include any fees, or "points," that lenders tack on to the quoted mortgage rate.

Kenneth Rankin, an economist with Wharton Econometrics, said conventional mortgage rates are likely to fall to around 9.75 percent by the end of this year, helping to boost sales even further.

Even with the sales gain, prices actually fell last month.

The average price of a home dropped 3.7 percent to \$103,000 when compared with December. This was still 4.8 percent higher than a year earlier.

The median price of a new home dipped by 0.3 percent to \$88,900, a level that was 7.8 percent higher than a year ago.

## Reagan to request funds to replace shuttle, sources say

Associated Press

WASHINGTON — The Reagan administration is expected to ask Congress for billions of dollars to replace Challenger and for rockets to launch some of the dozens of satellites stranded on Earth because of the space shuttle's explosion, official sources said Wednesday.

The amount could be as much as \$4 billion, congressional sources said, but an official in the administration said the exact amount was still being debated. Various combinations involving shuttle flights and a return to expendable rockets are under consideration to get the space program back on track.

An interagency task force is expected to present its recommendations to President Reagan within days. Some members of Congress are pushing the administration to move quickly, the sources said.

The explosion on Jan. 28, which claimed the life of Challenger's crew of seven, grounded the shuttle fleet. NASA officials

are saying it could be more than a year before the orbiters can fly again, the time depending on the extent of remedies needed.

The funding request being prepared calls for building a new orbiter at a cost of \$2.2 billion to replace Challenger and \$600 million for the Tracking and Data Relay satellite that was lost in the explosion as well as the shuttle's Canadian-built crane.

Some said the administration request would include a call for 10 Titan 34D7 rockets, in addition to the 10 Congress already has approved for the Air Force at a cost of \$168 million each.

Any multi-billion request would undoubtedly encounter opposition from some members of Congress at a time when the Gramm-Rudman bill is forcing cuts in hundreds of domestic and military programs.

With dozens of commercial and government satellites waiting to be launched, NASA is thinking of returning to throwaway rockets and making room for commercial payloads on the few launch vehicles still on hand.