

*With tighter regulations*

## Milk dealers favor higher Security Fund payments

HARRISBURG — The state's milk dealers support the continuation of the present Pennsylvania Milk Producers' Security Fund Law — if tightened up — with a possible increase in payments to build up the Fund.

The Pennsylvania Association of Milk Dealers, at its recent convention at State College, approved a policy to maintain the present 1 cent per hundredweight payment from dealers who do not choose to put up a bond to protect their dairy farmers. In addition, it was suggested that all dealers, whether or not bonded, put up an additional cent per hundred until the fund reaches \$2 million. It would be reinstated should the Fund drop below \$1 million.

Dealers took no position on a suggestion that dairy farmers also contribute to the Fund in order to provide more adequate money. Nor did they discuss whether or not cooperatives should pay.

As is known, the Fund had built up to \$734,157 when it was hit by three bankruptcies — Sun Re Cheese, Shadowbrook Dairy and Damon Dairy. The claims amounted to over \$1.6 million. The Milk Marketing Board was authorized by the state Attorney General to pay all three claimants which would have amounted to about 46 cents on the dollar, compared to the 75 cent maximum imposed by the law.

Just as claims were to be paid, Eastern Milk Producers halted them via court action, alleging its claim deserved priority on a first come, first serve basis. It may also argue that the full 75% be paid despite the fact the Fund has insufficient money to meet the \$1.6 alleged obligation. It may take months before any decision comes from Commonwealth Court on the matter.

There are others who maintain

no money should have been paid until the Security Fund reached a \$4 million total, which can be interpreted from the act. There is no court case on this matter, however.

Currently, there are 264 dealer licensees in the state, according to reports from the Pennsylvania Milk Marketing Board. Of these, 53 have filed bonds amounting to \$43,994,519. There are 70 paying into the Security Fund as 1 cent per hundredweight on a monthly basis. This usually builds up between \$25,000 and \$30,000 a month.

There are 141 licensees where no bond is required, either because they do not purchase milk from farmers of they are cooperatives which, under the law, can "opt out" and pay nothing. Of the 25 cooperatives licensed, one puts up a bond, according to the monthly report, and two pay into the Fund. Others pay nothing. Neither do 44 producer-distributors who are authorized only to sell the milk they produce.

Milk dealers objected to the quickly promulgated law back in 1980 when it was passed, according to Henry R. Geisinger, Executive Vice President of the state dealer association.

"One could readily see there would be insufficient money collected under the plan," the dealer spokesman said, "and that it was just a matter of time until there would be trouble. It took three years and now there are questions about who should get paid, how much and the rest. The law must be tightened up to eliminate these questions and some action is needed to put adequate money into the Fund if the system is to be retained."

The dealers propose a number of changes to make it more workable in addition to their recommendation to pay in additional

money. The controls would require more financial reports from dealers, the need to maintain adequate assets over liabilities, etc. Penalties and trusteeship arrangements are suggested in an attempt to maintain controls.

"We can still foresee problems," Geisinger added. "In these times of economic stress there undoubtedly are dealers who may not be able to make the grade and there is inadequate money in the Fund to pay farmers. In addition, it is alleged some of the claims could run into the multi-million dollar range just from a single participant among those in the Fund."

"With the current low profit margins plus competition from out-of-state dealers and cooperatives who pay nothing, dealers cannot afford to contribute money that rapidly to build up adequate 'insurance' to protect producers shipping to these large handlers. Dealers certainly want

to do their part to maintain an adequate supply of quality milk, but there are limits."

As of this date there are no reports of any bills on the matter having been introduced into the

Pennsylvania General Assembly though farm leaders have been meeting with legislators and others to discuss possible changes in the 1980 law.



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## Wolf gets nutrition position

WASHINGTON, D.C. — Secretary of Agriculture John R. Block has named Isabel D. Wolf as administrator of the U.S. Department of Agriculture's Human Nutrition Information Service.

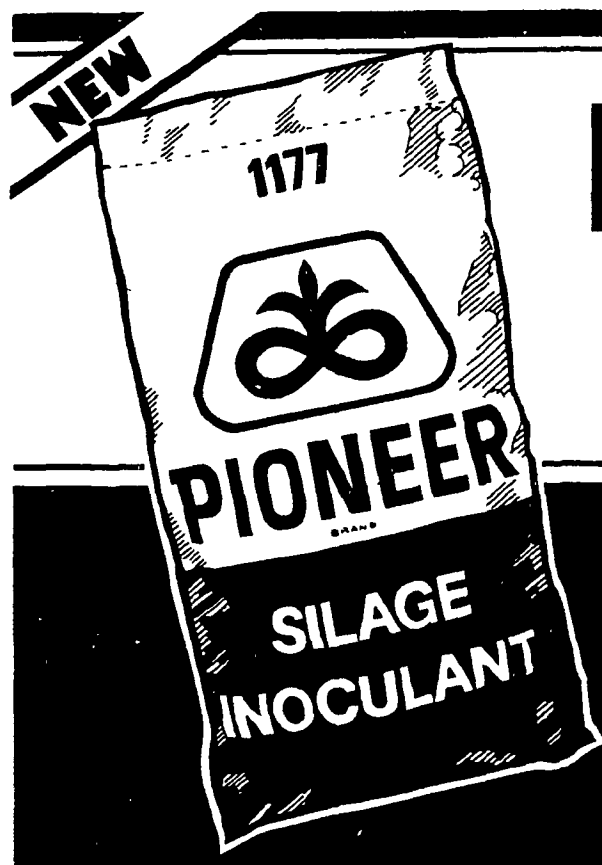
Wolf has been serving as acting administrator of the agency since March 1; before that she has been director of USDA's office of consumer advisor since March 1982.

"I am confident she will provide strong leadership and expertise to the Human Nutrition Information Service," Block said. "She has demonstrated a high degree of ability in service as consumer advisor and as acting administrator."

Wolf completed graduate studies at the University of Minnesota, St. Paul. She was an instructor, assistant professor and associate professor in the Department of Food Science and Nutrition at the University of Minnesota. She was also an extension specialist at the university.

Wolf is or has been a member of the Institute of Food Technologists, the Society for Nutritional Education, the National Nutrition Consortium, Minnesota State Nutrition Council and the American Home

Economics Association. She has co-authored a textbook. She wrote 23 numerous articles in technical journals and University of Minnesota extension publications.



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