

# A History And Perspective Of The Pennsylvania DHIA Program

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would be 10¢/cow. A memorandum of understanding was drawn up establishing a joint venture, the funds for operation of the program to be paid by the Districts to State DHIA and then to the College of Agriculture. This was signed in December 1956, effective March 1957, with the cost per cow to be 5 cents.

PA DHIA borrowed money from PSU to get started but it is not clear how these funds were used. No interest was charged on this loan. Putnam reported in April of 1957 that \$14,463 was obligated to PSU, \$6,000 due for the first 2 months of operation, and none yet paid. Some records were already being processed as of March 1, and it was anticipated that all records would be processed at PSU by September 1, 1957. Test data on cows came in faster than anticipated, causing processing delays. Penn State administration requested that DHIA not expand cow numbers until some of the problems were cleared up. In January 1958, DHIA was short of meeting operating expenses by approximately \$40,000. In April 1958 they were short \$52,211, and by July the amount grew to \$61,450. The projected shortfall for the 1958-59 year of operation was \$15,600 even though a new fee structure was initiated. Penn State University carried this shortfall, still with no interest charged.

From the beginning all DHIA personnel were covered on University insurance and retirement programs, first as bonafide employees of the University, and then as employees but with salary and fringe benefits paid by DHIA to the University. Even today many DHIA employees remain on the University program. In April 1960 a meeting was held with PSU to resolve some of these problems. In 1962 a new Director of Extension (T. H. Patton) said: "DHIA must assume more of its costs of operation." DHIA moved to assume payment of salaries of all record checkers. With fee increases to dairymen and grants by the AI studs, the money owed to Penn State was gradually reduced to zero. In January of 1963 DHIA started paying the salary and fringe benefit package of Carl Hollinger (fieldman), and in October the first discussion on handling surplus funds took place. Sam Auker, finance manager for the College of Agriculture, opposed any move to lower testing fees, stating: "you need more funds to hire more personnel." In January 1964 Auker noted that \$45,000 was on hand and all debts to the University paid. DHIA voted a \$25,000 deposit to be maintained with the University as advance payment by DHIA for services performed.

Although the University waited for DHIA funds to be generated to permit the loan to be repaid, it benefit-

ted greatly by DHIA's presence in the Memorandum of Agreement. DHIA was using almost 80% of the computer system time, and PSU used DHIA as a reason to upgrade its computer equipment. Now Penn State was able to go beyond processing payroll and expand into student records and other functions within the University that required computer processing. Whether the benefits canceled approximately 5 years of loaning money without interest charges to DHIA and the dairymen of Pennsylvania has not been calculated, but it cannot be said that Penn State failed to support the dairy industry in a time of need.

In 1967 Central Testing of samples became a key issue. Russell Larson, Dean of Agriculture, received a request from DHIA for space, personnel, and equipment needed to start a new testing lab. Larson and others presented to PSU an estimated capital budget of \$250,000 plus an operational budget of \$120,000 for Central Testing of 2,000,000 samples, with the funds to come from DHIA. Osborn, V.P. for Research, agreed to present the proposal to Dr. Walker, PSU President. In September 1968 Larson said he was willing to approach the University Trustees with the plan for the University to finance a new laboratory on campus, with interest rates comparable to bank rates charged to DHIA. They estimated the laboratory could be built, amortized, and operated for 10¢/sample if 1 1/2 million samples were tested yearly. In September 1969 the Executive Committee, Board of Trustees, approved plans for the Central Milk Testing Lab. A memorandum of Agreement had been signed in April 1969, and a suggested earliest time of occupancy was Spring of 1970. Projected building costs were \$175,000 to be

amortized at the rate of \$18,000 per year plus interest, with completed payments made by 1985. In January 1975, building costs plus interest totalled \$211,700, of which \$144,000 had been paid.

By 1976 Somatic cell count (SCC) testing was being considered and Penn State purchased the first SCC machine with research money. DHIA began using it to process samples. In April 1979, \$83,868 remained unpaid on the building. By October 1979 it was decided the lab needed to be expanded. In April 1980 Don Ace, Dept. Head, Dairy & Animal Science, reported to the State Directors that Dean Jim Beattie needed an understanding of DHIA's long range intentions prior to going before the Board of Trustees with a plan for financing the new lab expansion. The Directors informed the Dean that DHIA would stay on campus. In May 1981 a contract with PSU was signed to build the lab addition at a cost of \$293,320, with the loan to be carried by PSU at interest rates comparable to bank rates. DHIA advanced \$50,000, and ground was broken in January 1981.

When PSU began using computers to process data, Bill Dye and his staff oversaw the operation of the machines and the input of data on punch cards. Later, Charles Naginey of Management Services, whose responsibility it was to manage the computer system at Penn State, worked with Putnam and DHIA on all matters related to programming, data processing, and mailing test reports. A sizable number of Naginey's staff was involved, in particular Joe Hayes, who made significant contributions to this effort. He was a Dairy Science graduate and for some years worked with his

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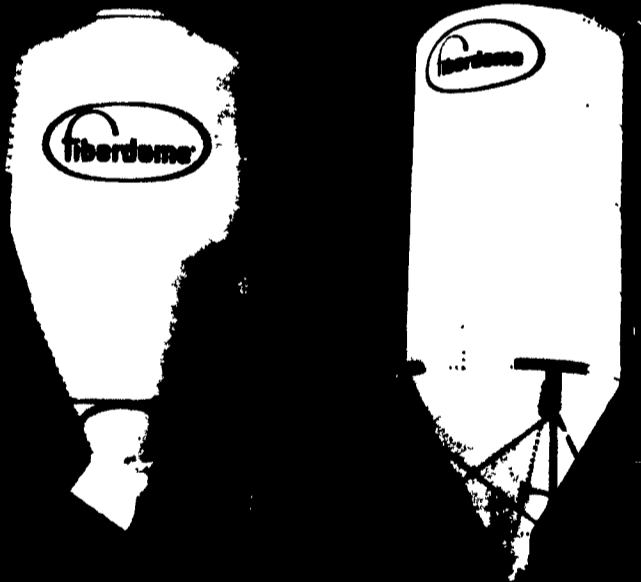
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