

Committee Name:
Joint Committee – Finance
(JC–Fi)

Appointments

99hr_JC–Fi_Appt_pt00

Committee Hearings

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Misc.

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Record of Committee Proceedings

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S. 13.10 (February 16, 1999)

S. 13.10 Meeting
February 16, 1999



State of Wisconsin
Tommy G. Thompson, Governor



Department of Agriculture, Trade and Consumer Protection

Ben Brancel, Secretary

DATE: February 9, 1999

TO: The Honorable Brian Burke, Senator
Co-Chair, Joint Committee on Finance

The Honorable John Gard, Representative
Co-Chair, Joint Committee on Finance

FROM: Ben Brancel, Secretary
Department of Agriculture, Trade and Consumer Protection

SUBJECT: S. 13.10 Request for Gypsy Moth Control Treatments

Request

The Department of Agriculture, Trade and Consumer Protection requests an one time increase in expenditure authority of \$144,420 for appropriation 20.115(7)(q) in FY 1999. This amount will fund the state share of gypsy moth control treatments for 14,420 acres.

Background

Authority

ATCP 21 of the Wisconsin Administrative Code authorizes DATCP to conduct detection and control programs and public information programs on plant pests and movement of pests in Wisconsin. This regulation is based on sections 93.07, 94.01, and 94.02, WI Stats.

Gypsy Moth Program Background

Since 1970, Wisconsin has surveyed, detected and eradicated infestations throughout the state. Then, in 1990, survey results indicated that the gypsy moth was establishing itself in localized areas. Since that time, state and federal resources have been pooled and a long term strategic plan has been developed. The Wisconsin Cooperative Gypsy Moth Program was created.

The Wisconsin Cooperative Gypsy Moth Program is a cooperative effort among DATCP, Wisconsin Department of Natural Resources (DNR), United States Department of Agriculture-Forest Service (USDA-FS), USDA-Animal and Plant Health Inspection Service (USDA-APHIS), and University of Wisconsin-Madison (UW). These agencies work cooperatively to eradicate, control, and contain the gypsy moth. The Cooperative Gypsy Moth Program Mission Statement is : *The cooperating agencies will protect Wisconsin's environmental resources, forests, and recreational opportunities and the public health from the gypsy moth threat with programs that are biologically effective,*

environmentally responsible, economically justifiable, and operationally and managerially efficient.

History of Gypsy Moth in the United States and Wisconsin

The gypsy moth was accidentally released in the northeast United States in 1869 (Liebhold et al., 1989). Since then it has spread southward and westward both naturally (Mason and McManus, 1981) and through the activities of man (McFadden and McManus, 1991; Liebhold et al., 1992). It is a voracious eater feeding on over 200 different species of plants (Liebhold, 1995). Nationally, it defoliates an average of 2 to 4 million acres annually. Defoliation from gypsy moth causes great loss to commercial and public forests and residential properties by tree defoliation, tree mortality and public health problems (allergic reactions to the hairs shed by caterpillars). Gypsy moth now infests most of northeastern North America (Liebhold et al., 1992). Gypsy moth is now becoming prevalent in states west of Lake Michigan, including Wisconsin. Eighteen eastern Wisconsin counties are considered generally infested and are quarantined for gypsy moth (see Figure 1). Items such as nursery stock, Christmas trees, firewood, pulpwood, logs, and outdoor household articles must be certified free from gypsy moth before they can go from a quarantined area to a nonquarantined area. Certification can be achieved with inspection by state and/or federal inspectors and/or treatment of the material with approved pesticides.

To slow its spread, there are annual survey and control programs. In Wisconsin, surveys for gypsy moth have been done every year since 1971. In the last eight years, DATCP and its' cooperators have maintained an aggressive survey and control program.

Treatment and Survey History - 1991 to 1998

Year	Treatments (each site is treated twice)	# of Traps Set	# of Moths Caught	# of LTE Surveyors
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1992	40,765 acres	68,246	9,949	68
1991	5,875 acres	22,765	11,348	38

Funding and Staffing for Current Fiscal Year (1999)

Funding for the gypsy moth program comes from a variety of state and federal sources: DATCP, DNR, USDA-FS, USDA-FS Slow-the-Spread (STS), and USDA-APHIS.

DATCP

DATCP has \$1,222,720 devoted to the gypsy moth program. This money comes from a variety of sources which pay for different aspects of the program (see table below).

Account	FTE Salary	LTE Salary	Fringe	Supplies and Services	Spray
726 Nursery Surcharge					\$60,000
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Total	\$212,029	\$197,000	\$95,000	\$405,391	\$313,300

FTE assigned to the gypsy moth program include the following:

- 1 Plant Pest and Disease Specialist Supervisor
- 1 Program Coordinator
- 1 Trapping Coordinator
- 1 GIS/GPS Coordinator
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DNR

DNR budgeted approximately \$20,000 for the spray program to cover aerial observation and ground observation.

USDA-FS Cooperative Forestry Assistance

Wisconsin was notified in January 1999 that USDA-FS had allocated \$1,139,820 in 1999 for gypsy moth survey and control in Wisconsin. Approximately \$811,050 will be used for gypsy moth treatments (spray) in the spring of 1999. This is enough money for Forest Service to fulfill their cost share obligation (50/50 state/federal cost share) to treat 81,105 acres. The remaining \$328,770 is marked for trapping and egg mass survey on federal lands, post-treatment evaluation of spray blocks, supplies and services, and reimbursement for time and effort of state FTE staff. Also, the USDA Forest Service Slow-the-Spread program will be able to contribute 5,000 acres worth of pheromone flake treatment in Wisconsin. This will not require a state cost share.

USDA-FS is extremely committed to gypsy moth control in the United States in 1999. This is shown by the fact that, at the national level, all gypsy moth eradication was funded at 100% and gypsy moth suppression was funded at 72%. Also, other pest,

disease, and invasive weed control programs were not funded in order to make funds available for gypsy moth control.

USDA-APHIS

USDA-APHIS has committed to fulfill their cost share obligation (50/50 state/federal cost share) to treat 2,180 acres (this would bring the total federal cost share obligation to 83,285 acres) for a cost of approximately \$21,800.

Previous s. 13.10 Emergency Fund Requests

Results of the 1989 gypsy moth trapping season showed a substantial increase from previous years in the numbers of moths observed. DATCP submitted a s. 13.10 emergency fund request to the Legislature's Joint Committee on Finance in April 1990, which provided \$272,100 GPR and created 2.0 GPR project positions.

Due to the lack of a base budget for gypsy moth control and needing additional funds for treatment and surveys DATCP made a second s. 13.10 emergency fund request in 1991; the Joint Finance Committee authorized the Department to reallocate \$262,900 GPR within the agency to fund 1991 control efforts.

Also, the 1992 Budget Adjustment Bill provided the gypsy moth program with an additional \$250,000 in one-time Forestry Account revenues. Up until now, the amount of program funding has remained sufficient to meet the goals of the program.

Analysis

The Problem

1998 male moth survey data and egg mass survey data, which became available in November 1998, indicated that gypsy moth is becoming more prevalent in Wisconsin (see Figures 2 and 3). 108,704 male gypsy moths were caught in Wisconsin in 1998. Moths were captured in 68 of Wisconsin's 72 counties. Gypsy moth alternate life stages (such as egg masses, caterpillars, and female moths) that indicate a reproducing population were found at 170 sites covering 38 counties.

After review of the 1998 survey data, the Gypsy Moth Scientific Working Group and the Gypsy Moth Coordinating Group determined that 83,285 acres required treatment to control gypsy moth infestations in the spring of 1999 (see Figure 4). This is more than twice the acreage that was treated in any of the last four years (see previous table - Treatment and Survey History - 1991 to 1998). DATCP currently has enough resources to treat 40,000 acres which includes; 5,000 acres of pheromone flakes paid for by Slow-the-Spread; we will cost share with USDA Forest Service and USDA APHIS on 35,000 acres of treatment.

We still need approximately \$432,850 of state funds to match Forest Service funds in order to treat the remaining 43,285 acres.

Treatment areas were prioritized (see Figures 5 and 6) in case funds were not available to treat the entire 83,285 acres. Priorities were assigned using the following criteria: move west (higher priority) to east (lower priority) and Slow-the-Spread Zone (higher priority) vs. non-Slow-the-Spread Zone (lower priority).

The following table shows the different priorities, # of sites, federal dollars available for cost share, and state dollars needed in addition to DATCP funds to cost share with federal dollars

Priority	Acres	# of sites	Federal dollars available	State dollars needed in addition to DATCP funds to cost share with federal dollars
1A	41,320	49	\$413,200	\$ 13,200
1B	4,540	4	\$ 45,400	\$ 45,400
1C	8,560	4	\$ 85,600	\$ 85,600
1D	1,205	2	\$ 12,050	\$ 12,050
2	26,620	19	\$266,200	\$266,200
3	1,040	2	\$ 10,400	\$ 10,400
Total	83,285	80	\$832,850	\$432,850

Note: It is estimated that it will cost approximately \$20 to treat one acre with two applications of Btk

Consequences of Not Controlling Gypsy Moth Infestations

Failure to control gypsy moth populations at the above mentioned areas could have the following ramifications:

- The more rapid infestation of Wisconsin public and private forests would result in financial losses due to reduced yields and costly pesticide treatments.
- The more rapid spread of the insect into our neighboring states (Illinois, Minnesota, and Iowa). This would reduce the credibility of DATCP as a viable plant pest regulatory agency.
- Defoliation of the forests would result in esthetic degradation adversely affecting the tourism and recreational industries.
- Defoliation of residential areas would cause losses in property values and invite extensive use (and possible misuse) of pesticides.
- High numbers of gypsy moth caterpillars would cause public nuisance and public health problems. Hairs from the caterpillars can cause allergic reactions such as eye irritation, skin rashes, and respiratory problems.

Quarantines could be initiated by USDA-APHIS and DATCP in order to reduce the risk of artificial spread of the insect. Christmas trees growers, nursery stock growers and dealers, loggers, firewood shippers, and moving companies shipping outdoor household articles would be barred from certain geographic markets or would be required to pay prescribed pesticide treatments plus schedule DATCP or USDA inspections and certification in order to ship regulated articles. Treatments to control gypsy moth in nurseries and Christmas Tree farms could cost an average of \$35 per acre. The Waushara County Christmas tree industry is a prime example. In 1998, Christmas Tree growers paid

approximately \$2.35 per acre to have their trees inspected and certified free of gypsy moth. Waushara County is not quarantined for gypsy moth. If it is quarantined, growers could pay an average of \$35 or more per acre to certify that their trees are free from gypsy moth. The increase in cost would be due to treatment of fields by the grower and increased inspections by DATCP or USDA staff. If gypsy moth infests Waushara County and it is quarantined, it is possible that 5,000 acres (of the total 10,000 acres) of Christmas Trees may need to be inspected and treated for gypsy moth each year. This could amount to a cost of \$175,000 annually to Waushara County Christmas Tree growers.

The economic impacts that are likely as gypsy moth spreads into new areas have been estimated (STS; Leuschner et al., 1996; Leuschner, 1991):

Impact Category*	Assumptions	Value
Timber (5%)	Outbreak on 10% of the susceptible host	10 year loss in growth and yield
Recreation (5%)	Loss of visitor days	\$13.50 per visitor day
Government activities (30%)	Increase in gypsy moth management costs	\$0.18 per acre
Residential (60%)	Willingness to pay to avoid impacts	\$41 per household

*Percent of total impacts

Benefits of Controlling Gypsy Moth Infestations

Gypsy moth spreads at an average rate of 13 miles per year. Aggressive survey and control programs, such as the one in Wisconsin, have shown that the rate of gypsy moth spread can be reduced by as much as 50% to 6 miles per year (STS). The potential benefits of slowing the spread of gypsy moth have been calculated (Leuschner et al., 1996; Leuschner, 1991). If the average rate of spread is reduced by half, to 6 miles per year, this would give a \$2 (most conservative) to \$18 (least conservative) return for every dollar spent.

Recommendation

FUND DATCP AN ADDITIONAL \$144,420 ON AN ONE TIME BASIS SO WE CAN MATCH FOREST SERVICE FUNDS IN ORDER TO TREAT AN ADDITIONAL 14,420 ACRES (GIVING A TOTAL OF 54,420 ACRES - ENOUGH TO COVER THE MAJORITY OF THE PRIORITY 1 SITES)

DATCP and DNR administrators felt that treating the Priority 1A, 1B, and 1C sites, for a total of 54,420 acres, was critical. DNR felt that \$144,420 could be available from the Forestry account to fund this level of treatment. This would allow us to delay the establishment and rate of spread of the gypsy moth in the areas/counties treated.

28,865 acres would go untreated with this recommendation. This includes:

Jefferson County	1,200 acres
Winnebago County	5 acres
Portage County (eastern side)	5,480 acres
Rock County (Janesville area)	2,440 acres
Waushara County	16,780 acres
Wood County (eastern side)	1,920 acres
Forest County	400 acres
Langlade County	640 acres
<hr/>	
Total	28,865 acres

These areas would see the more rapid establishment and westward spread of the insect.

How the Request Meets Statutory Criteria [s.13.101(3) and (4)]

The criteria are:

1. An emergency exists,
2. no funds are available for such purposes, and
3. the purpose for which a supplemental appropriation is requested has been authorized or directed by the legislature.

DATCP currently only has enough resources to treat 40,000 acres. To treat more acreage, additional funds are needed in order to cost share with USDA Forest Service funds.

Therefore, the Department of Agriculture, Trade and Consumer Protection requests an one time increase in expenditure authority of \$144,420 for appropriation 20.115(7)(q) in FY99. This amount will fund the state share of gypsy moth control treatments for 14,420 acres. ATCP 21 of the Wisconsin Administrative Code authorizes DATCP to conduct detection and control programs and public information programs on plant pests and movement of pests in Wisconsin. This regulation is based on sections 93.07, 94.01, and 94.02, WI stats. Failure to address this immediate one time need could result in the more rapid establishment and westward spread of the insect.

Quarantines would be the most immediate threat. Nursery stock, Christmas trees, firewood, pulpwood, logs, and outdoor household articles would need to be inspected and certified free of gypsy moth by DATCP or USDA inspectors before they could move to nonquarantined areas. Businesses may also have to pay for costly treatments if gypsy moth is found on their materials.

Populations would eventually build to defoliating levels. Defoliation of the forests would have a negative impact on the tourism industry. Financial losses to the timber industry would occur due to reduced yields and expensive pesticide treatments. For example, Pennsylvania lost \$40 million in trees to the gypsy moth between 1972 and 1980.

to 1 million or more per acre, would cause public nuisance and public health problems. Hairs from the caterpillars can cause allergic reactions such as eye irritation, skin rashes, and respiratory problems.

This is a one time immediate need which must to be addressed now. The recommended treatments to control gypsy moth infestations will begin around the middle of May, 1999. The contract with the aerial applicator needs to be finalized by the middle of March.

More importantly, USDA-Forest Service requires that the state notify them by the end of February how much of the money they allocated for Wisconsin will be used. Wisconsin can only use this money with a state cost share. If Wisconsin does not commit state money as our cost share, Forest Service will redistribute the allocated money to another state and/or program.

It seems inevitable that Wisconsin eventually will become generally infested as indicated by the steady westward spread of the insect and the fact that eighteen Wisconsin counties are generally infested and quarantined. Whether the adverse economic, social, and health consequences involved with infestation begin now or can be avoided for several years depends on state, federal, and local sources being able to obtain adequate resources to combat this serious insect pest.

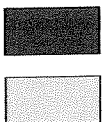
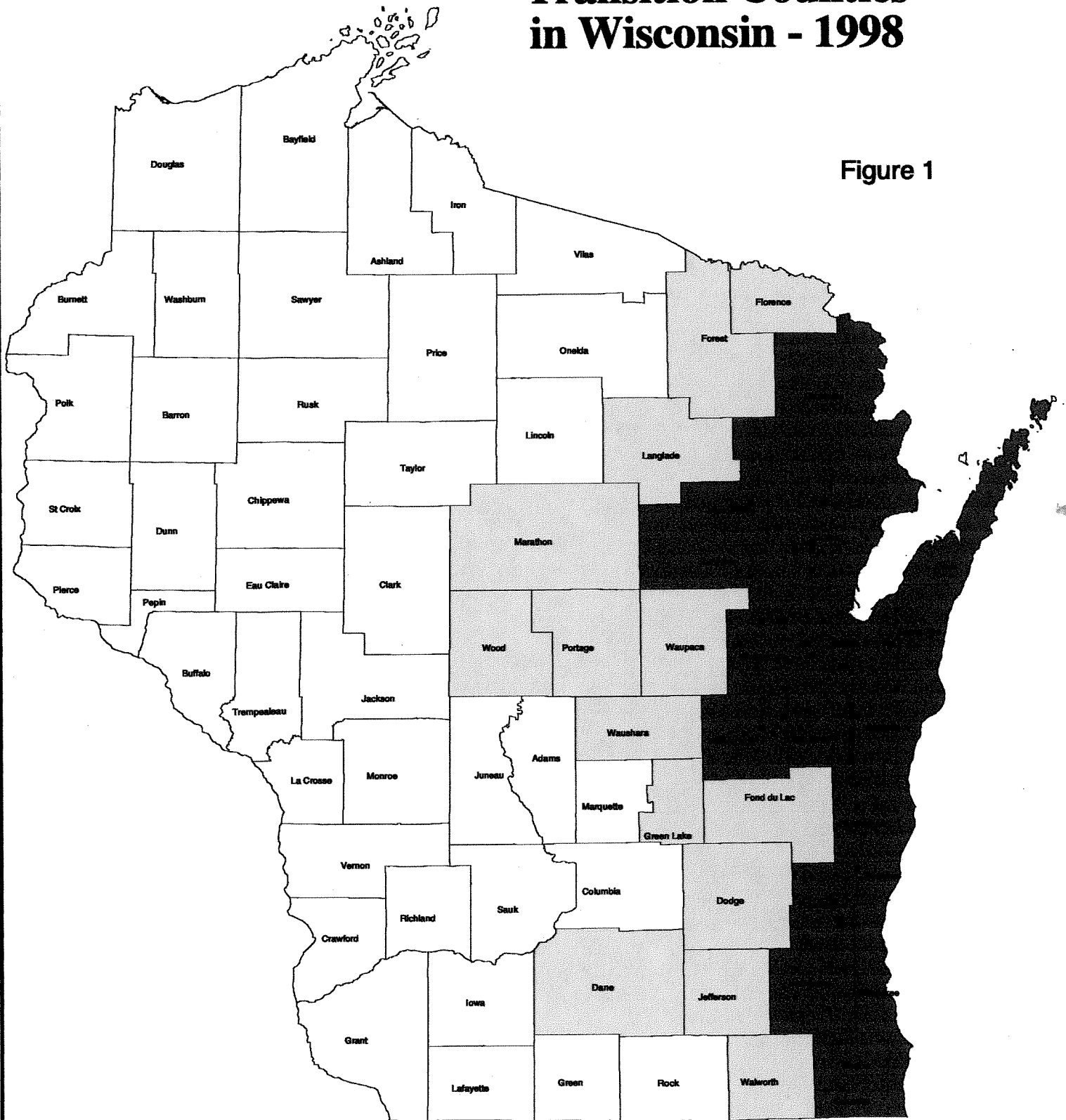
Department Representative

Nicholas J. Neher will represent the Department at the 13.10 meeting.

Steven W. Miller from DNR will also be present.

Gypsy Moth Quarantined & Transition Counties in Wisconsin - 1998

Figure 1



Gypsy Moth Quarantined Counties

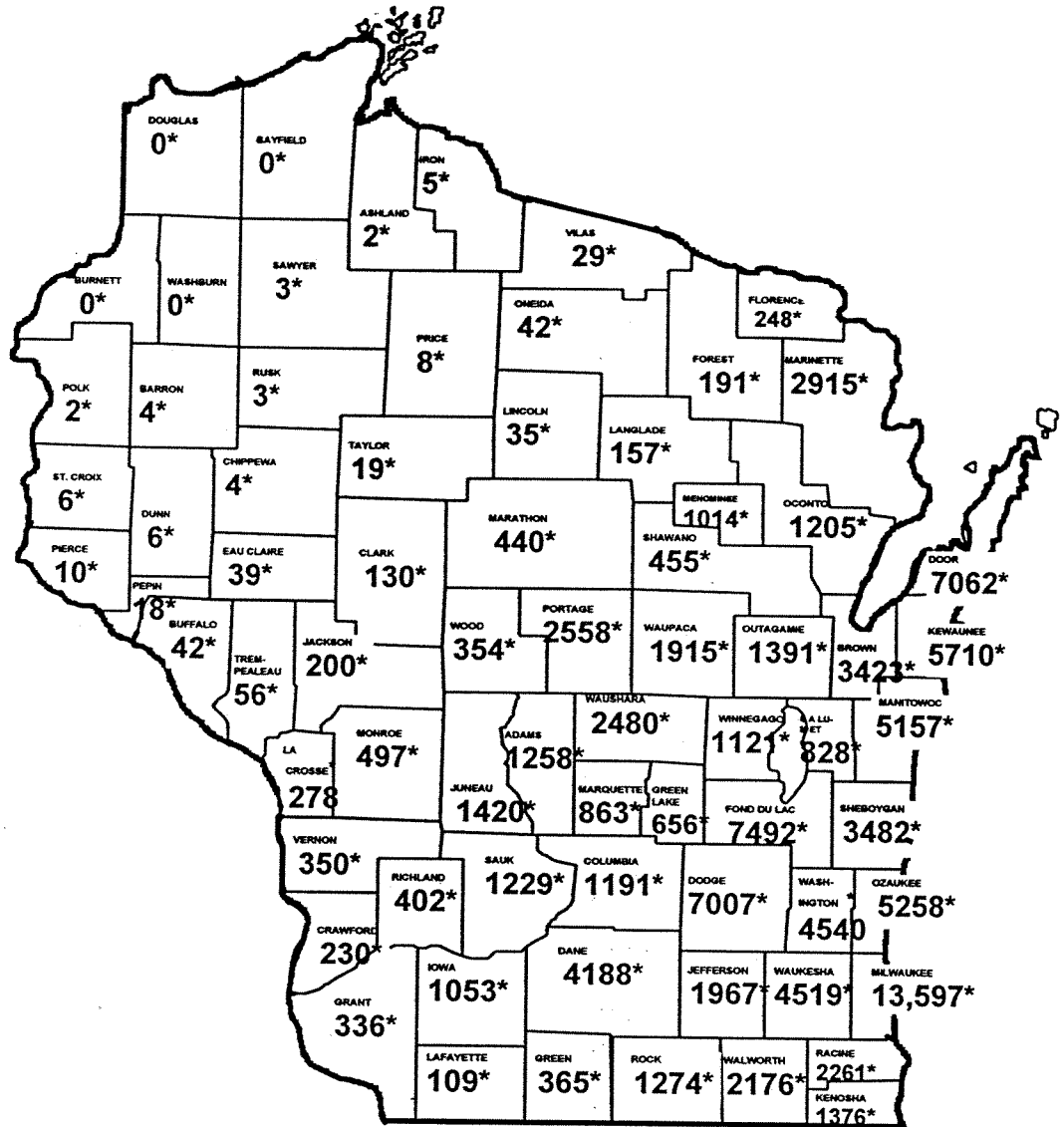
Gypsy Moth Transition Counties



Figure 2

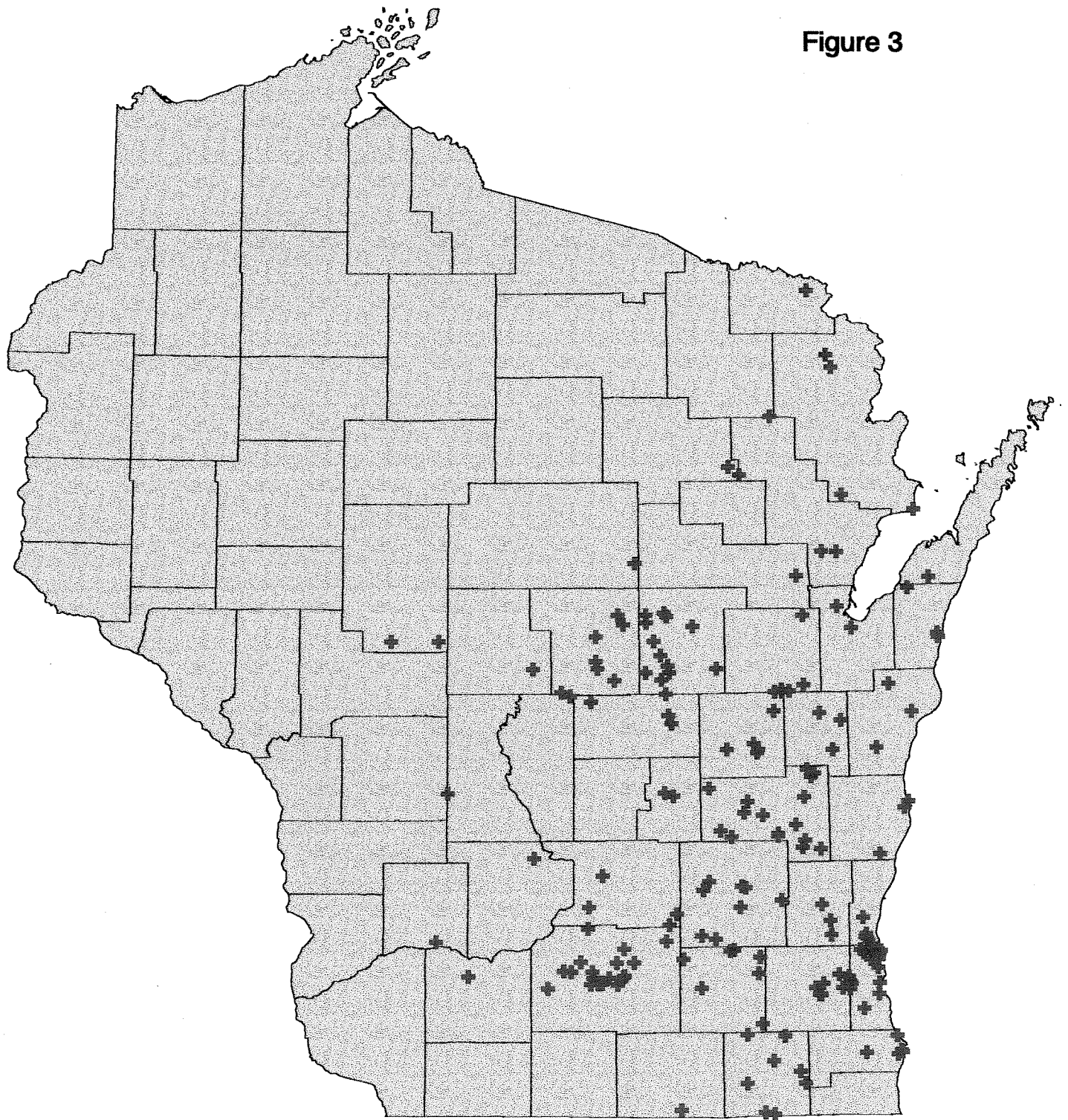
FINAL 1998 DATA

Trapping results 98,325 moths
 Cooperator results 10,379 moths
TOTAL 108,704 MOTHS

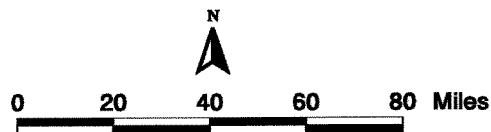


1998 Positive Alternate Lifestage Sites

Figure 3



+ Alternate Lifestage

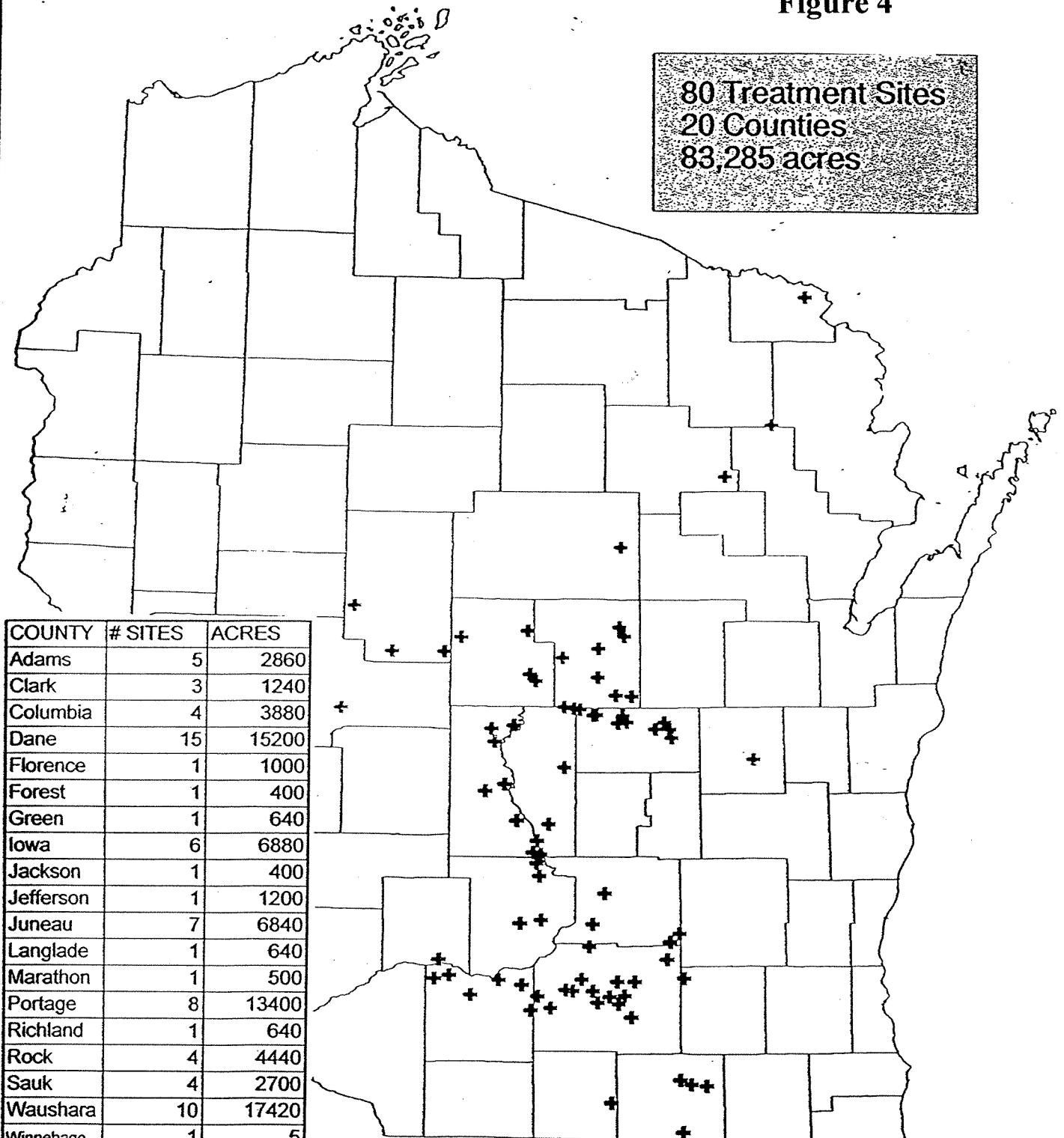


Wisconsin Gypsy Moth Program

1999 Proposed Treatment Sites

Figure 4

80 Treatment Sites
20 Counties
83,285 acres



COUNTY	# SITES	ACRES
Adams	5	2860
Clark	3	1240
Columbia	4	3880
Dane	15	15200
Florence	1	1000
Forest	1	400
Green	1	640
Iowa	6	6880
Jackson	1	400
Jefferson	1	1200
Juneau	7	6840
Langlade	1	640
Marathon	1	500
Portage	8	13400
Richland	1	640
Rock	4	4440
Sauk	4	2700
Waushara	10	17420
Winnebago	1	5
Wood	5	3200
	80 sites	83285

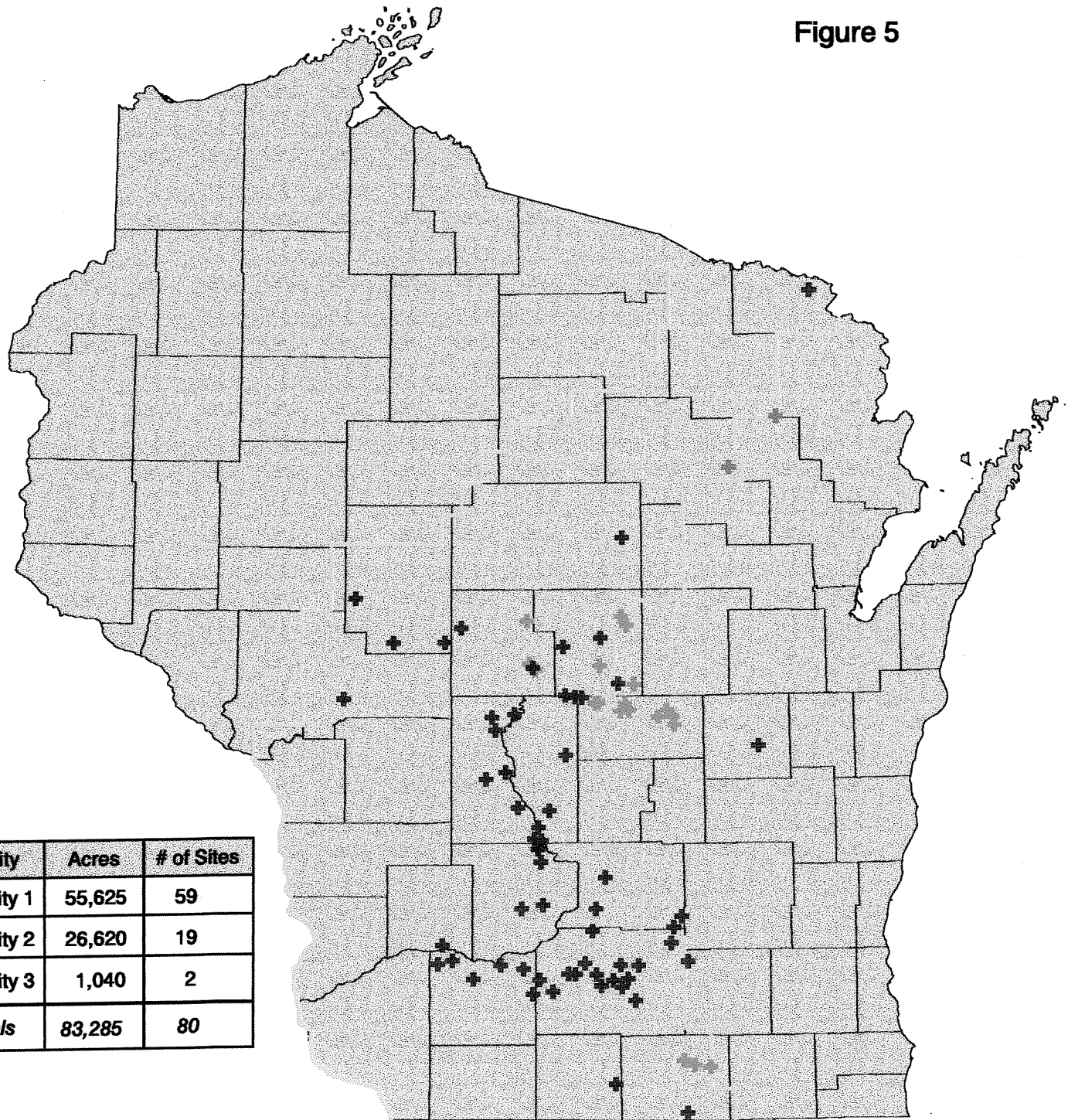
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Wisconsin Gypsy Moth Program

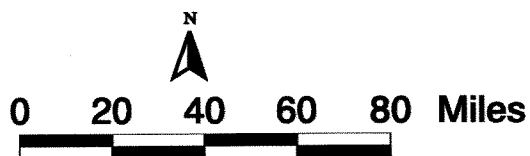
1999 Proposed Treatment Sites

Figure 5



Priority	Acres	# of Sites
Priority 1	55,625	59
Priority 2	26,620	19
Priority 3	1,040	2
Totals	83,285	80

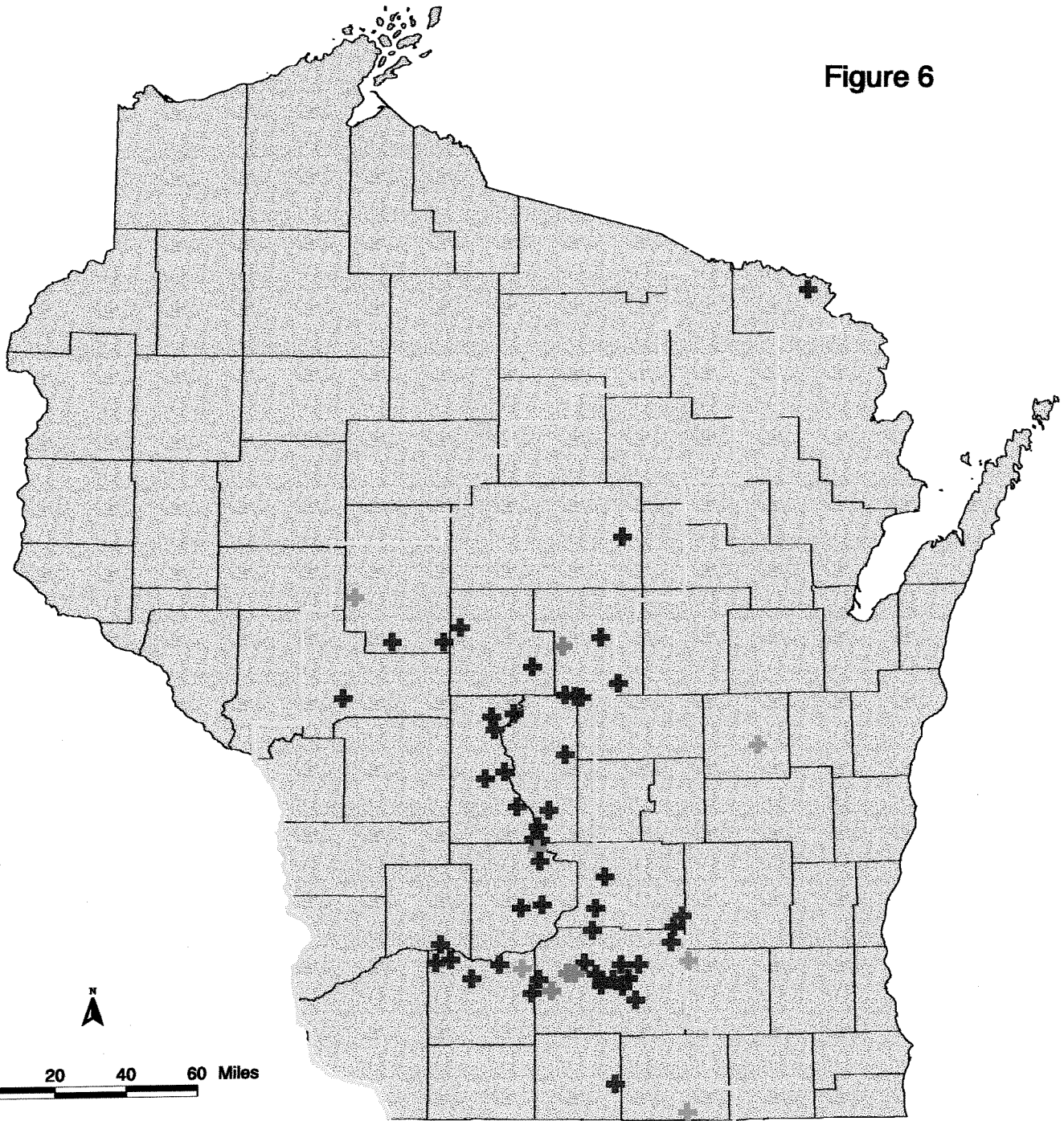
- ✦ Priority 1
- ✦ Priority 2
- ✦ Priority 3
- ⚡ Sts Zone



Wisconsin Gypsy Moth Program

1999 Proposed Treatment sites

Figure 6



- ⊕ 1A
- ⊕ 1B
- ⊕ 1C
- ⊕ 1D

⚡ STS Zone

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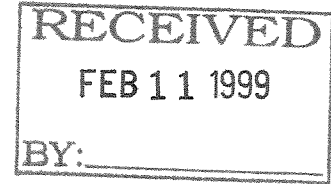
Department of Agriculture, Trade and Consumer Protection

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After review of the 1998 survey data, the Gypsy Moth Scientific Working Group and the Gypsy Moth Coordinating Group recommended that 83,285 acres be treated to slow the rate of spread of this pest (see Figure 4). Treatments would occur in the spring of 1999. This is more than twice the acreage that was treated in any of the last four years (see previous table - Treatment and Survey History - 1991 to 1998). DATCP currently has enough resources to treat 40,000 acres which includes; 5,000 acres of pheromone flakes paid for by Slow-the-Spread; we will cost share with USDA Forest Service and USDA APHIS on 35,000 acres of treatment.

We still need approximately \$432,850 of state funds to match Forest Service funds in order to treat the remaining 43,285 acres.

Treatment areas were prioritized (see Figures 5 and 6) in case funds were not available to treat the entire 83,285 acres. Priorities were assigned using the following criteria: move west (higher priority) to east (lower priority) and Slow-the-Spread Zone (higher priority) vs. non-Slow-the-Spread Zone (lower priority).

Representatives from DATCP and DNR have met and concluded that to achieve the primary goal of slowing the spread of gypsy moth in Wisconsin, sites Priority 1A-C should be treated this spring. This would mean treating a total of 54,420 acres at a total cost of \$544,200 to the state after the Forest Service's contribution of 50% of the expenses. Therefore, an additional \$144,200 from the state will be necessary to treat all sites in Priority 1A-C.

The following table shows the different priorities, # of sites, federal dollars available for cost share, and state dollars needed in addition to DATCP funds to cost share with federal dollars

Priority	Acres	# of sites	Federal dollars available	State dollars needed in addition to DATCP funds to cost share with federal dollars
1A	41,320	49	\$413,200	\$ 13,200
1B	4,540	4	\$ 45,400	\$ 45,400
1C	8,560	4	\$ 85,600	\$ 85,600
Total 1A-C	54,420	57	\$544,200	\$144,200
1D	1,205	2	\$ 12,050	\$ 12,050
2	26,620	19	\$266,200	\$266,200
3	1,040	2	\$ 10,400	\$ 10,400
Total 1-3	83,285	80	\$832,850	\$432,850

Note: It is estimated that it will cost approximately \$20 to treat one acre with two applications of Btk

Consequences of Not Controlling Gypsy Moth Infestations

Failure to control gypsy moth populations at the above mentioned areas could have the following ramifications:

- The more rapid infestation of Wisconsin public and private forests would result in financial losses due to reduced yields and costly pesticide treatments.
- The more rapid spread of the insect into our neighboring states (Illinois, Minnesota, and Iowa).
- Defoliation of the forests would result in esthetic degradation adversely affecting the tourism and recreational industries.
- Defoliation of residential areas would cause losses in property values and invite extensive use (and possible misuse) of pesticides.

- High numbers of gypsy moth caterpillars would cause public nuisance and public health problems. Hairs from the caterpillars can cause allergic reactions such as eye irritation, skin rashes, and respiratory problems.

Quarantines could be initiated by USDA-APHIS and DATCP in order to reduce the risk of artificial spread of the insect. Christmas trees growers, nursery stock growers and dealers, loggers, firewood shippers, and moving companies shipping outdoor household articles would be barred from certain geographic markets or would be required to pay prescribed pesticide treatments plus schedule DATCP or USDA inspections and certification in order to ship regulated articles. Treatments to control gypsy moth in nurseries and Christmas Tree farms could cost an average of \$35 per acre. The Waushara County Christmas tree industry is a prime example. In 1998, Christmas Tree growers paid approximately \$2.35 per acre to have their trees inspected and certified free of gypsy moth. Waushara County is not quarantined for gypsy moth. If it is quarantined, growers could pay an average of \$35 or more per acre to certify that their trees are free from gypsy moth. The increase in cost would be due to treatment of fields by the grower and increased inspections by DATCP or USDA staff. If gypsy moth infests Waushara County and it is quarantined, it is possible that 5,000 acres (of the total 10,000 acres) of Christmas Trees may need to be inspected and treated for gypsy moth each year. This could amount to a cost of \$175,000 annually to Waushara County Christmas Tree growers.

The economic impacts that are likely as gypsy moth spreads into new areas have been estimated (STS; Leuschner et al., 1996; Leuschner, 1991):

Impact Category*	Assumptions	Value
Timber (5%)	Outbreak on 10% of the susceptible host	10 year loss in growth and yield
Recreation (5%)	Loss of visitor days	\$13.50 per visitor day
Government activities (30%)	Increase in gypsy moth management costs	\$0.18 per acre
Residential (60%)	Willingness to pay to avoid impacts	\$41 per household

*Percent of total impacts

Benefits of Controlling Gypsy Moth Infestations

Gypsy moth spreads at an average rate of 13 miles per year. Aggressive survey and control programs, such as the one in Wisconsin (and the USDA- Forest Service Slow-the-Spread program), have shown that the rate of gypsy moth spread can be reduced by as much as 50% to 6 miles per year. The potential benefits of slowing the spread of gypsy moth have been calculated (Leuschner et al., 1996; Leuschner, 1991). If the average rate of spread is reduced by half, to 6 miles per year, this would give a \$2 (most conservative) to \$18 (least conservative) return for every dollar spent.

Recommendation

FUND DATCP AN ADDITIONAL \$144,420 ON AN ONE TIME BASIS SO WE CAN MATCH FOREST SERVICE FUNDS IN ORDER TO TREAT AN ADDITIONAL 14,420 ACRES (GIVING A TOTAL OF 54,420 ACRES - ENOUGH TO COVER THE PRIORITY 1A-C SITES)

DATCP and DNR administrators felt that treating the Priority 1A, 1B, and 1C sites, for a total of 54,420 acres, was critical. DNR felt that \$144,420 could be available from the Forestry account to fund this level of treatment. This would allow us to delay the establishment and rate of spread of the gypsy moth in the areas/counties treated.

28,865 acres would go untreated with this recommendation. This includes:

Jefferson County	1,200 acres
Winnebago County	5 acres
Portage County (eastern side)	5,480 acres
Rock County (Janesville area)	2,440 acres
Waushara County	16,780 acres
Wood County (eastern side)	1,920 acres
Forest County	400 acres
Langlade County	640 acres
<hr/>	
Total	28,865 acres

These areas would see the more rapid establishment and westward spread of the insect.

How the Request Meets Statutory Criteria [s.13.101(3) and (4)]

The criteria are:

1. An emergency exists,
2. no funds are available for such purposes, and
3. the purpose for which a supplemental appropriation is requested has been authorized or directed by the legislature.

DATCP currently only has enough resources to treat 40,000 acres. To treat more acreage, additional funds are needed in order to cost share with USDA Forest Service funds.

Therefore, the Department of Agriculture, Trade and Consumer Protection requests an one time increase in expenditure authority of \$144,420 for appropriation 20.115(7)(q) in FY99. This amount will fund the state share of gypsy moth control treatments for an additional 14,420 acres, allowing treatment of the most critical 54,420. ATCP 21 of the Wisconsin Administrative Code authorizes DATCP to conduct detection and control programs and public information programs on plant pests and movement of pests in Wisconsin. This regulation is based on sections 93.07, 94.01, and 94.02, WI stats. Failure to address this immediate one time need could result in the more rapid establishment and westward spread of the insect this year.

Quarantines on additional counties would be the most immediate threat. Nursery stock, Christmas trees, firewood, pulpwood, logs, and outdoor household articles would need to be inspected and certified free of gypsy moth by DATCP or USDA inspectors before they could move to nonquarantined areas. Businesses may also have to pay for costly treatments if gypsy moth is found on their materials.

Populations would eventually build to defoliating levels. Defoliation of the forests would have a negative impact on the tourism industry. Financial losses to the timber industry would occur due to reduced yields and expensive pesticide treatments. For example, Pennsylvania lost \$40 million in trees to the gypsy moth between 1972 and 1980.

Defoliation in residential areas would cause losses in property values and possible extensive use (or even misuse) of pesticides. High numbers of gypsy moth caterpillars, up to 1 million or more per acre, would cause public nuisance and public health problems. Hairs from the caterpillars can cause allergic reactions such as eye irritation, skin rashes, and respiratory problems.

This is a one time immediate need which must be addressed now. The recommended treatments to control gypsy moth infestations will begin around the middle of May, 1999. The contract with the aerial applicator needs to be finalized by the middle of March.

More importantly, USDA-Forest Service requires that the state notify them by the end of February how much of the money they allocated for Wisconsin will be used. Wisconsin can only use this money with a state cost share. If Wisconsin does not commit state money as our cost share, Forest Service will redistribute the allocated money to another state and/or program.

It is inevitable that Wisconsin eventually will become generally infested as indicated by the steady westward spread of the insect and the fact that eighteen Wisconsin counties are generally infested and quarantined. By acting now on the most critical areas we can delay the impact of adverse economic, social, and health consequences on counties where the gypsy moth is not yet fully established.

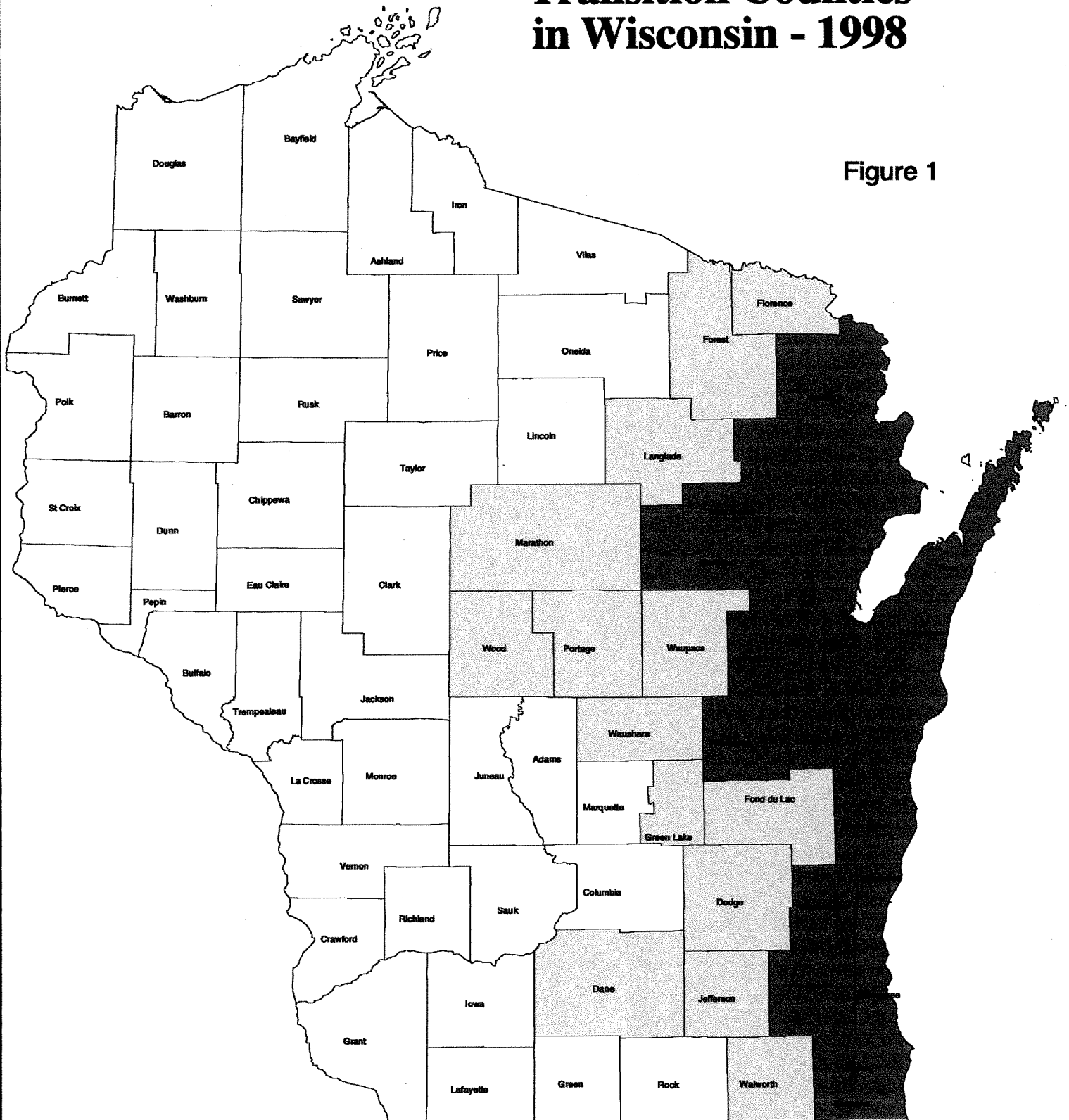
Department Representative

Nicholas J. Neher will represent the Department at the 13.10 meeting.

Steven W. Miller from DNR will also be present.

Gypsy Moth Quarantined & Transition Counties in Wisconsin - 1998

Figure 1



Gypsy Moth Quarantined Counties



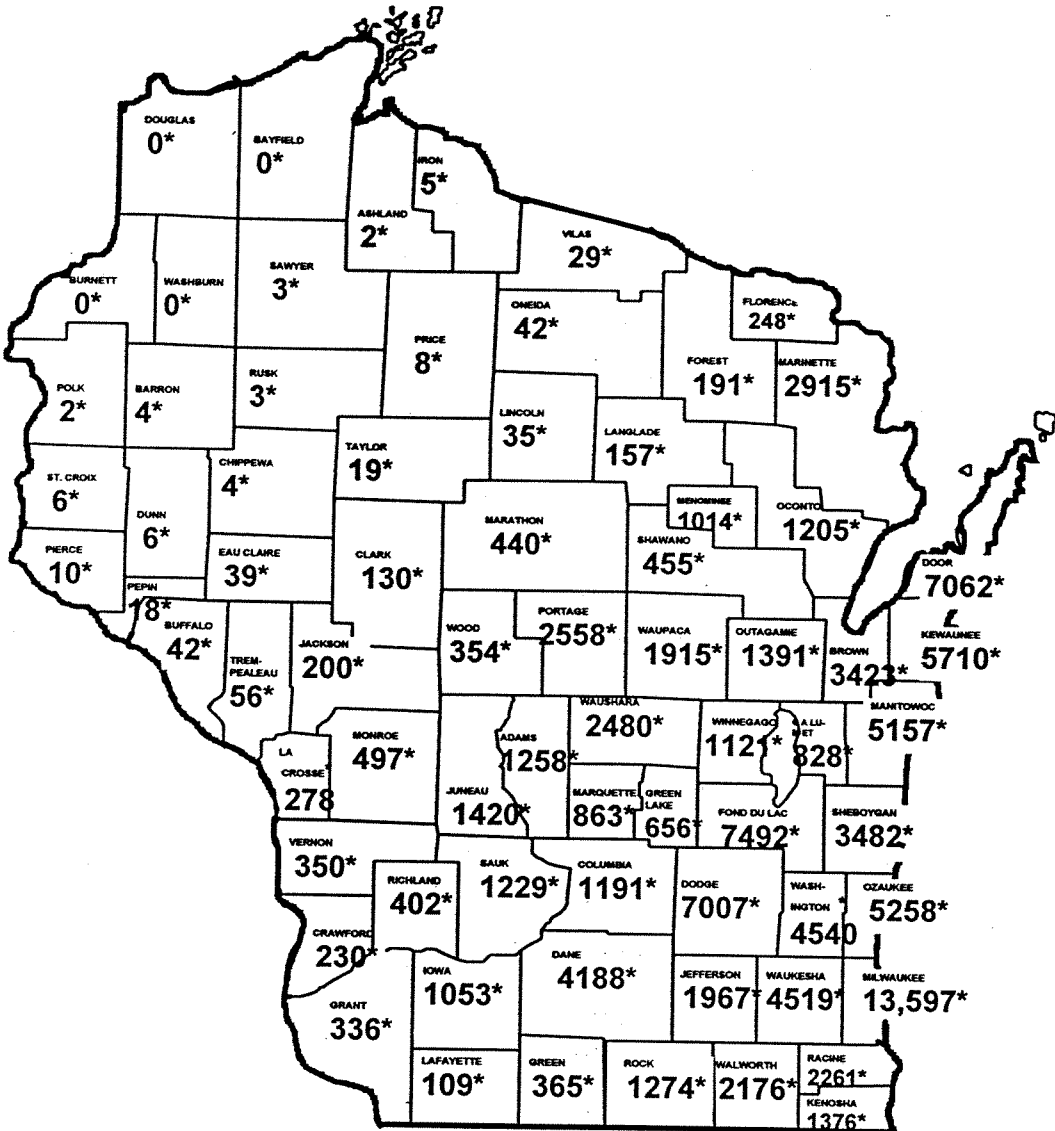
Gypsy Moth Transition Counties



Figure 2

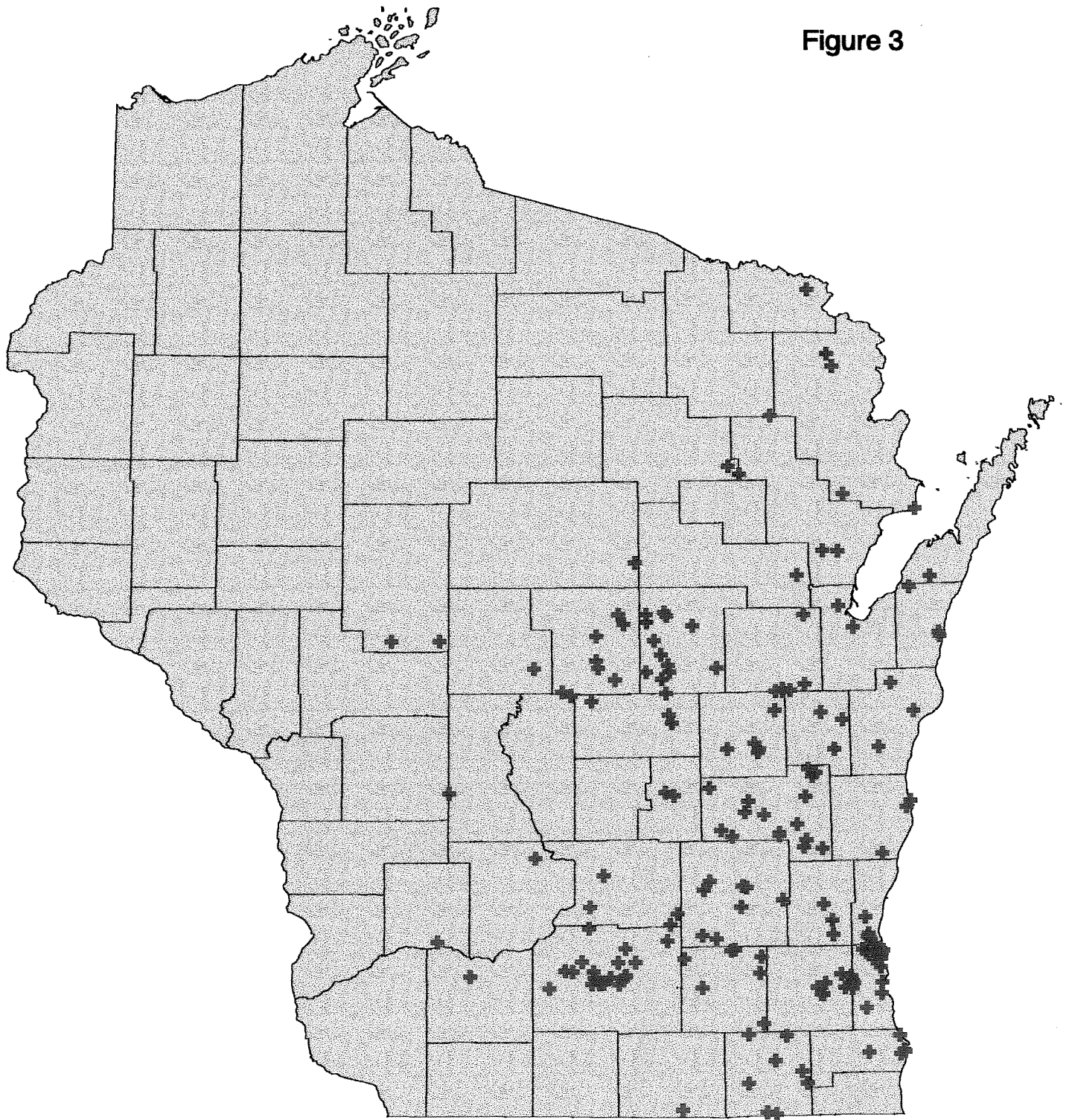
FINAL 1998 DATA

Trapping results 98,325 moths
 Cooperator results 10,379 moths
TOTAL 108,704 MOTHS

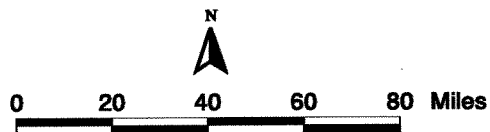


1998 Positive Alternate Lifestage Sites

Figure 3



+ Alternate Lifestage

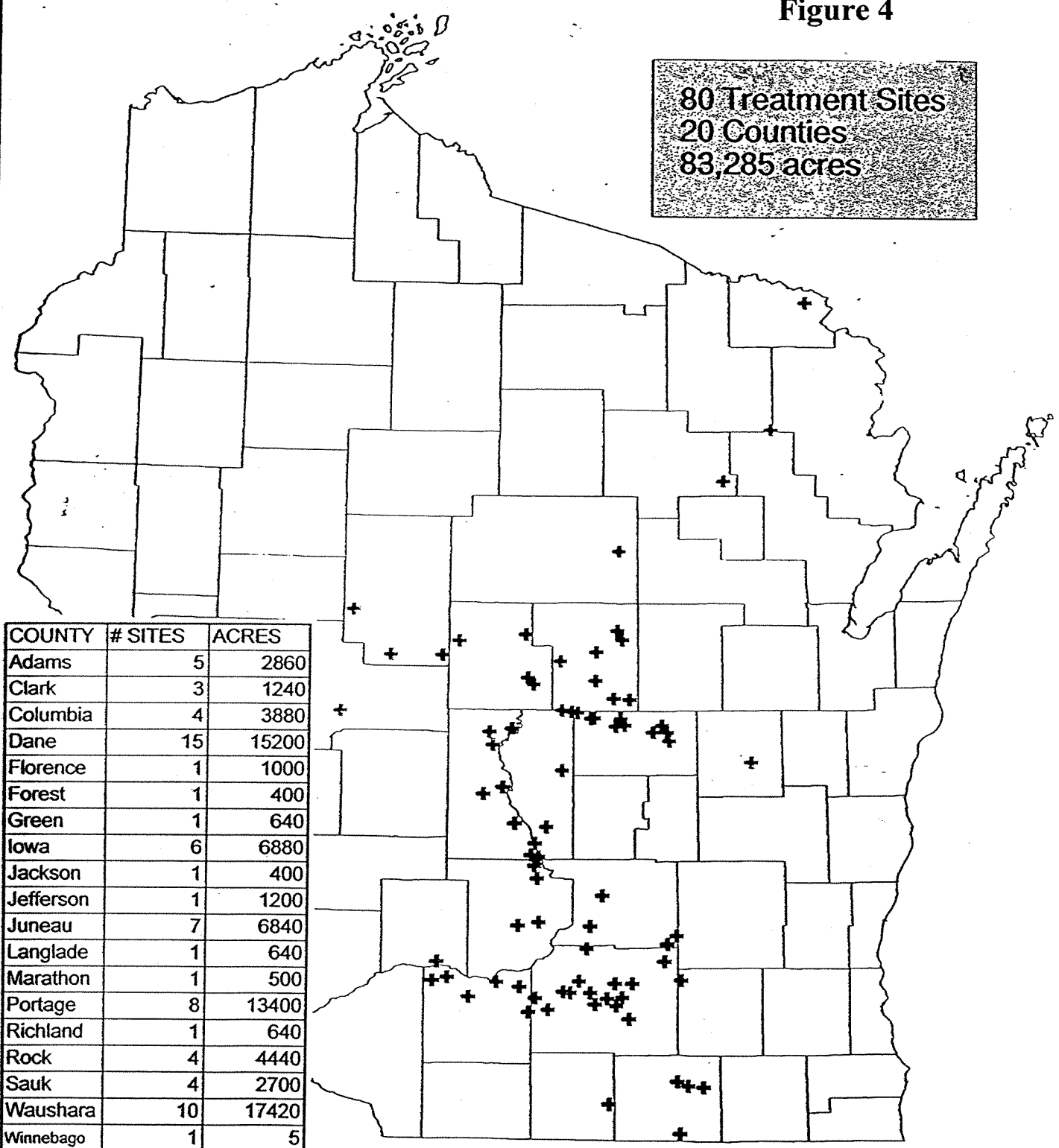


Wisconsin Gypsy Moth Program

1999 Proposed Treatment Sites

Figure 4

80 Treatment Sites
20 Counties
83,285 acres



COUNTY	# SITES	ACRES
Adams	5	2860
Clark	3	1240
Columbia	4	3880
Dane	15	15200
Florence	1	1000
Forest	1	400
Green	1	640
Iowa	6	6880
Jackson	1	400
Jefferson	1	1200
Juneau	7	6840
Langlade	1	640
Marathon	1	500
Portage	8	13400
Richland	1	640
Rock	4	4440
Sauk	4	2700
Waushara	10	17420
Winnebago	1	5
Wood	5	3200
	80 sites	83285

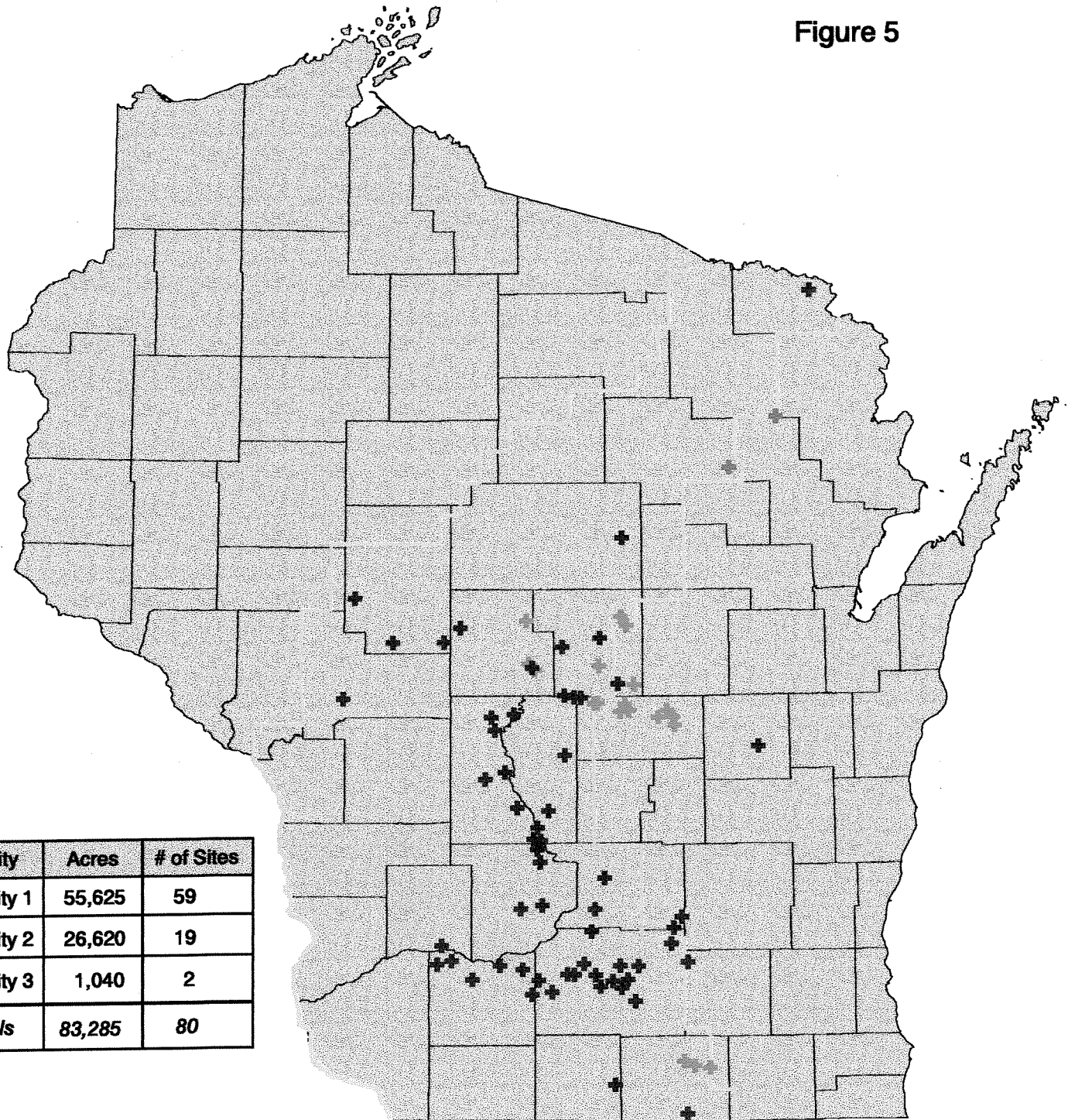
+ Proposed Treatment Site



Wisconsin Gypsy Moth Program

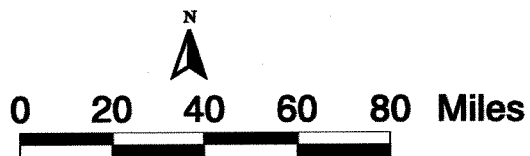
1999 Proposed Treatment Sites

Figure 5



Priority	Acres	# of Sites
Priority 1	55,625	59
Priority 2	26,620	19
Priority 3	1,040	2
Totals	83,285	80

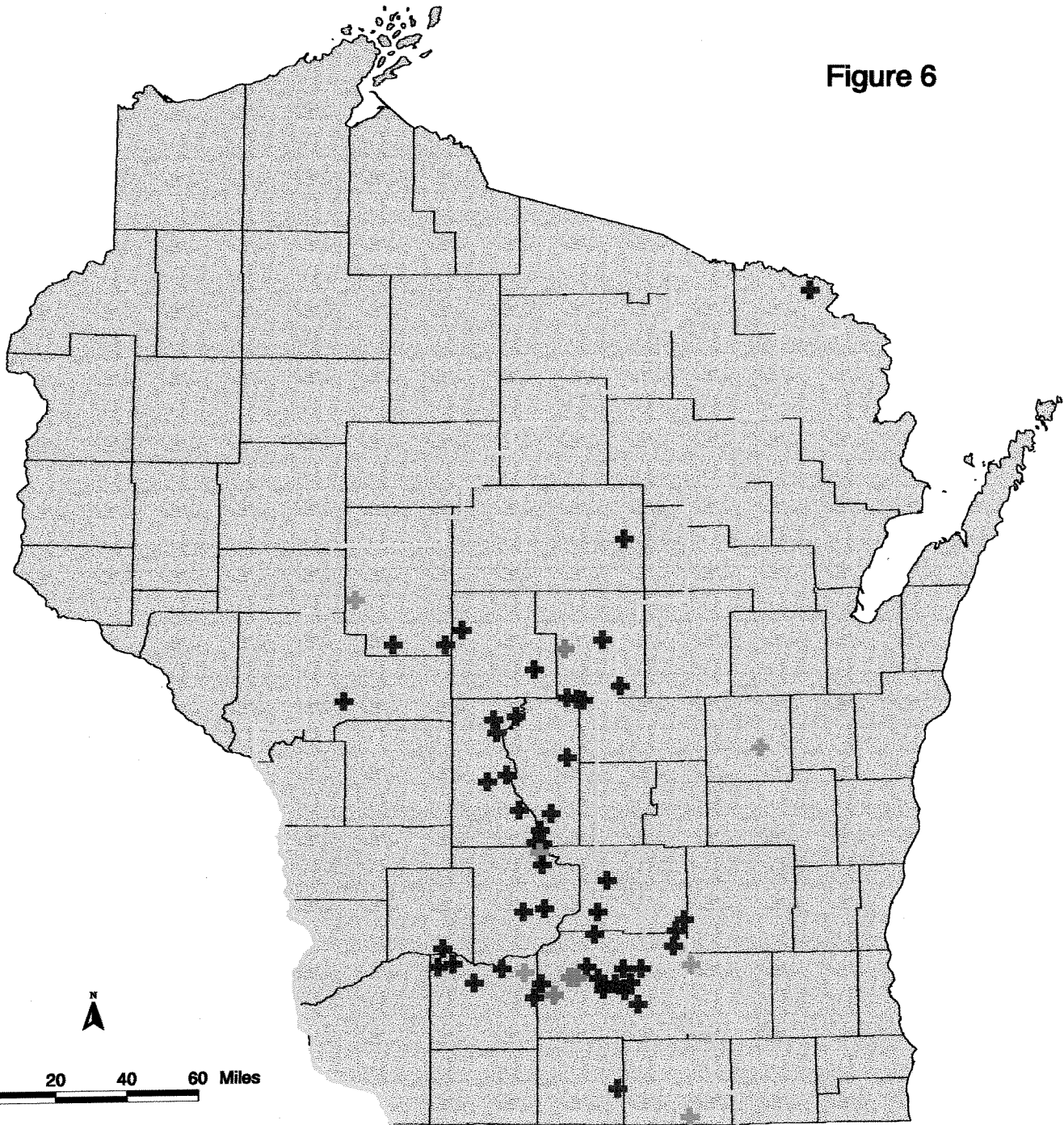
- + Priority 1
- + Priority 2
- + Priority 3
- ~ Sts Zone



Wisconsin Gypsy Moth Program

1999 Proposed Treatment sites

Figure 6



- ✚ 1A
- ✚ 1B
- ✚ 1C
- ✚ 1D
- ⚡ STS Zone

Priority	Acres	# of sites	Dollars needed in addition to DATCP funds
1A	41,320	49	~\$13,200
1B	4,540	4	~\$45,400
1C	8,560	4	~\$85,600
1D	1,205	2	~\$12,050
Totals	55,625	59	~\$156,250





State of Wisconsin
Tommy G. Thompson, Governor

February 15, 1999

Senator Brian Burke, Co-Chair
Joint Finance Committee
Room 316 South
State Capitol
Madison, WI 53707-7882

Representative John Gard, Co-Chair
Joint Finance Committee
Room 315 North
State Capitol
Madison, WI 53708

Dear Senator ^{Brian}Burke and Representative ^{John}Gard:

We are writing to express our joint support for the s.13.10 request submitted to you by the Department of Agriculture, Trade and Consumer Protection (DATCP) for additional gypsy moth treatments. Staff from DATCP and the Department of Natural Resources worked together to evaluate the relative benefits and costs of various levels of additional treatment. Our agencies reached agreement that treating an additional 14,420 acres, at a one-time state cost of \$144,420, is warranted both from a biological and fiscal perspective.

As outlined in the s.13.10 request, treating the additional 14,420 acres will enable us to achieve the primary goal of slowing the spread of gypsy moth in Wisconsin. This level reflects the priorities established by the interagency Gypsy Moth Coordinating Group.

We request your approval of the s.13.10 request for a one-time allotment of \$144,420 from the unallotted balance of the Forestry Account.

We greatly appreciate your willingness to evaluate this request on short notice. Please feel free to contact either one of us if you have any questions about this request.

Sincerely,

George E. Meyer
Secretary
Department of Natural Resources

Ben Brancel
Secretary
Department of Agriculture, Trade & Consumer Protection

cc: Members, Joint Finance Committee
Bob Lang, Director, Legislative Fiscal Bureau



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

February 15, 1999

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Paper for the Committee's February 16, Section 13.10 Meeting

Attached is a paper, prepared by this office, on the s. 13.10 item which is scheduled for the Committee's February 16 meeting.

The meeting is scheduled for 4:00 p.m. in Room 411 South, State Capitol.

BL/dls
Attachment



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

February 16, 1999

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: DATCP: Increased Funding for Gypsy Moth Suppression

REQUEST

The Department of Agriculture, Trade and Consumer Protection requests a one-time increase of \$144,400 SEG from the forestry account of the conservation fund for additional spraying to suppress gypsy moth populations. The funding would cover treatment in part of Rock County and additional spraying in parts of Clark, Dane, Iowa, Portage and Sauk counties (parts of Adams, Clark, Columbia, Dane, Florence, Green, Iowa, Jackson, Juneau, Marathon, Portage, Richland, Sauk, Waushara and Wood counties would be sprayed with existing funds).

BACKGROUND

The gypsy moth is a leaf-eating pest of trees and shrubs. Gypsy moth caterpillars favor oak but will feed on the foliage of many tree species, including some conifers. As each caterpillar eats several leaves per day, infestation by caterpillars may remove much, if not all foliage from trees. The resulting defoliation weakens trees, leaving them susceptible to disease. Many trees die after two or more consecutive years of defoliation.

From its accidental release in Massachusetts in 1869, the gypsy moth has slowly spread south and west through natural progression and the movement of infested products. Currently, all or parts of 17 states are federally quarantined for gypsy moth infestations, including parts of Ohio and nearly all of Michigan. The United States Department of Agriculture (USDA) previously had quarantined Brown, Door, Kewaunee and Manitowoc counties and added 14 eastern Wisconsin counties in 1998 because they were determined to have significant populations of reproducing gypsy moths. The additional federally-quarantined counties include Marinette, Oconto,

Menominee, Shawano, Outagamie, Winnebago, Calumet, Sheboygan, Washington, Ozaukee, Waukesha, Milwaukee, Racine and Kenosha.

Since gypsy moths spread by human transport of infested goods, as well as naturally, the quarantine requires the check of those items that gypsy moths and their eggs readily attach to. Items such as nursery stock, Christmas trees, firewood, pulpwood, logs and certain household articles must be certified free of gypsy moths before they can be transported from a quarantined area to a nonquarantined area. In most cases, certification is done annually by state or federal inspectors.

A Wisconsin gypsy moth control program has been conducted since 1971 in a cooperative effort between DATCP, DNR, USDA, local governments, and private businesses and individuals. Through the gypsy moth program, DATCP surveys, controls and provides public education on the moths and their movement to control their spread. A portion of the program includes annual spraying to control the gypsy moth population. In 1998, the state spent \$1.2 million on the gypsy moth program (\$1,075,400 SEG and \$115,400 PR), of which \$300,000 was spent on treatment. Additionally, the state received \$600,000 in federal funding, of which \$300,000 was spent on treatment. Federal funding is also provided for trapping and other state reimbursements as well as all activity on national forest lands. Since these amounts are reimbursed to the state based on actual costs, it is unknown how much federal funding will be provided in FY 1999. Annual gypsy moth program expenditures for the past five years are listed in Table 1.

TABLE 1

Annual Gypsy Moth Program Expenditures

	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999 Base</u>
Total State Expenditure	\$1,349,806	\$646,625	\$963,013	\$921,097	\$1,190,809	\$1,170,200
State Spray Portion	234,307	105,112	227,958	265,157	302,366	313,300
Total Federal Funding	812,609	716,060	691,812	776,231	624,080	Unknown
Federal Spray Portion	306,867	141,518	227,958	287,254	302,366	Unknown

After reviewing 1998 male moth trapping and egg mass survey data, the Gypsy Moth Coordinating Group recommended that 83,285 acres be treated to slow the spread of gypsy moths in the state. A coordinating group makes recommendations based on survey data; the group consists of one representative from each of the following organizations: DATCP, DNR, UW, USDA-Forest Service and USDA-Animal and Plant Health Inspection Service. The recommended acres were prioritized to reflect the possibility of reduced levels of treatment into priorities 1, 2 and 3. At the request of DATCP and DNR, the priority 1 sites were then further broken down into priorities 1A, 1B, 1C and 1D. A request was then developed for \$144,400 to cover the remaining cost of spraying 54,420 acres that were designated as priority 1A, 1B, or 1C, based on their location in the state (areas further from the quarantined counties with concentrations of gypsy moths were generally given the highest priority in order to slow the westward spread of the moth).

The primary source of revenue deposited in the forestry account of the conservation fund is the forestry mill tax, a state tax on property of 0.2 mill (20¢ per \$1,000 of property value). Other sources of revenue to the forestry account include: (a) revenues from the sale of timber on state forest lands; (b) revenues from the sale of stock from the state's tree nurseries; (c) camping and entrance fees at state forests; (d) severance and withdrawal payments from timber harvests on cooperatively-managed county forests and on privately-owned land entered under the forest crop land and managed forest land programs; and (e) a portion of the revenue from the sale of the conservation patron license, to reflect the fact that license holders are granted admission to state forests at no additional charge as part of the license.

Forestry account revenues are used to fund several forestry programs and related administrative activities in DNR. The main expenditure from the forestry account relates to the operations of state forest and nursery properties. Other DNR activities funded from the forestry account include: (a) forest management assistance for private landowners and county foresters; (b) aid payments under forest tax law programs; (c) county forest acreage payments and loans; and (d) forest fire control activities. The forestry account also funds programs in seven other agencies, the largest expenditures being for administrative and worker salary costs of the Wisconsin Conservation Corps and the gypsy moth program in DATCP.

ANALYSIS

Although spraying does not occur until the end of May or early June, DATCP officials indicate they need to contract with the aerial applicator prior to that time. Additionally, USDA has allocated monies to match state funds for spraying, but they require state notification by the end of February on how much the state will allocate to spraying. The USDA will match state allocations for spraying (up to \$832,850). However, if Wisconsin does not commit state money, federal funds will be redistributed to other states. If no action is taken, Wisconsin will receive approximately \$313,300 FED to match the funds DATCP currently has for spraying.

In 1998-99, DATCP is appropriated \$1,170,200 for the gypsy moth program. License surcharges on nurseries of \$20 to \$90 or more (depending on annual sales) and nursery dealers (\$30) account for \$74,600 annually in program revenues. The Department also receives \$200,000 SEG from the forestry account of the conservation fund each year in a continuing appropriation based on a surcharge of one cent per seedling sold by DNR. Further, \$895,600 SEG from the forestry account is appropriated for gypsy moth eradication. From these accounts, DATCP budgeted for and has \$313,300 remaining for spraying *Bacillus thuringiensis* var. *kurstaki* (B.t.k.), a biological insecticide, this spring. The other \$857,000 is used to fund six permanent staff, LTEs and the costs for survey, trapping and analysis of the gypsy moth infestation in the state. The Department estimates that with the USDA matching grant, they have the funds to spray 32,000 acres. In addition to the matching funds, USDA will also contribute full funding for 5,000 acres worth of pheromone flake and supply Gypchek for 3,000 acres of treatment (the state must cost-share for the application of Gypchek, but receives full funding for the Gypchek virus). Thus, with no action taken, the state will have funds to treat at least 40,000 acres in Wisconsin.

The biological insecticide, B.t.k. is used for 85% of federally-funded treatments. It can affect other moth and butterfly species besides the gypsy moth, including the endangered karner blue butterfly. In areas where the karner blue would be harmed by a B.t.k application, DATCP indicates it will use the federally-funded pheromone flake (mating disruption) or Gypchek (a virus) treatment. Each of these treatments is thought to be gypsy moth-specific in their effects. However, pheromone flakes and Gypchek are generally not as effective at eliminating gypsy moth larvae as B.t.k. and are more expensive, thus the use of these products is limited.

The DATCP request is based on an average spraying cost of almost \$20 for each additional acre sprayed. However, as Table 2 indicates, to date the Department has not spent more than an average of \$16 per acre. DATCP officials indicate that they prefer to have some extra funding in case rain washes away the spray and it needs to be applied a third time over an area (a standard application is two sprayings). However, past records indicate that actual costs have been lower than the \$20 requested. Thus, the Committee may wish to grant funding at a lower estimated cost per acre. Factoring in an increase in the cost of B.t.k., a better estimate of spraying cost may be \$17 per acre. With this estimate, the state could treat 43,000 acres, or all priority 1A and some 1B sites, with no additional state funding. Approval of the requested amount would allow for the treatment of 60,000 acres, or all priority 1 sites and 4,000 acres of the priority 2 sites.

TABLE 2

Average Costs of Spraying for Gypsy Moths

	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>Proposed 1999</u>
Acres Sprayed	51,800	20,304	28,864	36,895	38,435	46,420*
State Cost	\$234,307	\$105,112	\$227,958	\$265,157	\$302,366	\$457,720
Federal Cost	\$306,867	\$141,518	\$227,958	\$287,254	\$302,366	\$457,720*
Cost per Acre	\$10.45	\$12.15	\$15.80	\$14.97	\$15.73	\$19.72

* Excludes 8,000 acres primarily funded by USDA which would bring total treated acreage in 1999 to 54,420.

Some would argue that since gypsy moths will inevitably infest the entire state, it is futile to attempt to control the population through mass sprayings. They would claim that spraying efforts have been ineffective in ridding areas of the pest. Further, some may prefer to focus on adapting to the impending infestation rather than attempting to slow the spread.

Others would claim that because it may take a few years before the gypsy moth spreads to include all of Wisconsin, there is an economic benefit in attempting to slow the rate of spread into uninfested areas. They claim that funds spent now for aggressive surveys and treatment will slow the spread of gypsy moths by up to 50% each year. In turn, they claim this would save between \$2 and \$18 in economic losses for every dollar spent due to projected costs incurred by individual residents, government management, decreased tourism and loss of timber.

While the request is for funding the state share of an additional 14,400 acres (54,420 total acres), this amount does not cover all the areas recommended for treatment. Under this request, 28,865 acres that were recommended by the coordinating group for treatment would not be sprayed. Some believe these areas are already at or near infestation levels and that any treatment may not greatly reduce the spread of the moths, but only briefly reduce their numbers in localized areas. They believe treating the 54,400 highest priority acres will significantly slow the gypsy moth spread, and after that, the economic benefit of spray treatment diminishes. Further, the spraying or treatment of over 54,000 acres under the request would be among the most extensive efforts the state has undertaken to date.

Yet, others would claim that spraying more acres makes economic sense. Proponents of additional funding may point to Waushara County as an example. Under the request, that county would have 640 acres sprayed of the 17,420 recommended. Waushara County is a transitional county on the edge of the quarantined area, so gypsy moth inspections are not yet mandatory for out of area shipping. For Christmas tree growers in the county who spent \$2.35 per acre for gypsy moth inspections in 1998, DATCP estimates they may have to pay nearly \$35 per acre once the county is quarantined. Thus, some may argue that funding should be available for treatment of more or all of the acres recommended by the Gypsy Moth Coordinating Group to save costs associated with infestation. Others believe ground surveys show the moth is established in Waushara County and quarantine is expected.

Federal funding for gypsy moth spraying has included matching cost shares for over five years, and it is expected that the state will again receive matching funds in 2000. However, federal funds are not guaranteed to be available at the same level offered this year. Thus, some argue the state should spend more on spraying this year when a dollar-for-dollar federal match is guaranteed.

An alternative would be to increase the one-time funding to spray more of the sites recommended by the Coordinating Group. In order to fund all priority 1 sites, this would cost \$106,500. This alternative would provide funds to spray an additional 15,600 acres (total of 55,600 acres). To fund all priority 1 and 2 sites would cost \$332,800. This alternative would provide funds to spray an additional 42,200 acres (total of 82,200 acres). It would cost \$341,600 to fund all priority 1, 2 and 3 sites. This alternative would provide funds to spray an additional 43,300 acres (total of 83,300 acres). The criteria for prioritization were generally given to those sites that are further west and in a designated "Slow the Spread" zone. Other criteria include land use, distance from other infestations and the risk of moth spreading. Priority 1A sites are infested sites determined to be most crucial by federal and state standards. Priority 1B sites are infested sites that are inside the Slow the Spread area and outside the transition zone (the area nearest the quarantined counties). Priority 1C sites are generally inside both the Slow the Spread area and the transition zone. Priority 1D sites are infested sites that are well inside a transition zone or in the quarantine area. Priority 2 sites are closer to infested areas or may have been selected based on less data. Priority 3 sites are on the edge of the quarantine zone.

Adequate funding exists to fund the gypsy moth control effort at the \$144,400 requested by DATCP or at a higher level in order to fund additional acres as suggested by the coordinating group. The forestry account of the conservation fund is expected to end the biennium with an



STATE OF WISCONSIN
DEPARTMENT OF ADMINISTRATION
101 East Wilson Street, Madison, Wisconsin

TOMMY G. THOMPSON
GOVERNOR
MARK D. BUGHER
SECRETARY

Mailing Address:
Post Office Box 7864
Madison, WI 53707-7864



Date: February 16, 1999

To: Members, Joint Committee on Finance

From: Mark D. Bugher, Secretary
Department of Administration

Subject: Section 13.10 Request from the Department of Agriculture, Trade and Consumer Protection for Increased Expenditure Authority for Gypsy Moth Control Treatments.

Request

The Department of Agriculture, Trade and Consumer Protection requests increased expenditure authority of \$144,200 SEG in FY99 in s. 20.115(7)(q) (gypsy moth eradication; conservation fund) to support spraying of 14,420 additional acres to control the spread of gypsy moths.

Background

Since 1971, Wisconsin has worked to eradicate and control gypsy moth infestations around the state. Isolated introductions were eradicated through 1985. By 1990, trapping surveys showed significantly increased gypsy moth populations over earlier surveys. In response, the current cooperative gypsy moth control program was established. The program pools resources from DATCP, the Department of Natural Resources (DNR), the U.S. Department of Agriculture-Forest Service (USDA-FS), the USDA-Animal and Plant Health Inspection Service (USDA-APHIS), and the University of Wisconsin-Madison.

Wisconsin's gypsy moth control program is the most aggressive program in the country, but it has not been able to stop the spread of gypsy moths. In 1997, Door, Brown, Manitowoc and Kewaunee Counties were placed under federal quarantine status. The number of quarantined counties has grown, and there are now 18 counties under quarantine and 14 counties in a "transition zone," a precursor to being quarantined.

The gypsy moth control program efforts focus on treating areas outside of the quarantined counties. These efforts attempt to slow the spread of the gypsy moth and keep the number of quarantined counties in Wisconsin to a minimum. The populations within the quarantined counties are too high to eradicate, so efforts in those counties are aimed at inspection and certification of shipments of wood, nursery stock and outdoor household articles to limit the spread of gypsy moths outside of the quarantined area.

Analysis

The 1998 statewide trapping and egg mass survey data indicate that gypsy moth populations continue to grow, with male moths trapped in 68 counties and egg masses, caterpillars and female moths found at 170 sites in 38 counties. These results led program coordinators to recommend treatment of a record 83,285 acres at 80 sites. This is more than twice the number of acres treated in the past three years and four times the number of acres treated in 1995.

DATCP has funds available to treat 40,000 acres. This funding is a combination of existing state funding (conservation fund-forestry account SEG and gypsy moth surcharge PR); USDA-FS and USDA-APHIS federal grant funds; and a contribution from the USDA-FS Slow-the-Spread Program. The state funding will be used to meet the 50 percent cost-share requirement for the federal grant. The Slow-the-Spread Program contribution does not require any state match.

Federal grant funds are available to treat the entire 83,285 acres, but only if the state provides the required 50 percent cost-share match. Because this level of funds is not available, DATCP and DNR have prioritized the recommended acres to focus resources on the sites that would provide the most effective control (see Table 1).

Table 1: Gypsy Moth Treatment Priorities

<u>Priority</u>	<u>Acres</u>	<u>Sites</u>
1A	41,320	49
1B	4,540	4
1C	8,560	4
1D	1,205	2
2	26,620	19
3	<u>1,040</u>	<u>2</u>
Total	83,285	80

Although treatment was recommended for 83,285 acres, DATCP and DNR have agreed, that to meet the program's goal of slowing the spread of the gypsy moth, the 54,420 acres in Priorities 1A to 1C would need to be treated. At an estimated cost of \$20 per acre, the total cost to treat Priorities 1A to 1C would be \$1,088,400. Federal grant funds would provide \$544,200 to match an equal amount of state funds.

DATCP has funds (\$400,000, including the Slow-the-Spread contribution) to meet most of the required state match. The \$144,200 requested would cover the remaining amount of match. DNR has indicated that the conservation fund-forestry account has sufficient funds available to provide the requested amount on a one-time basis. If the requested funds are not approved, the gypsy moth

program will only be able to treat most of the Priority 1A sites.

Studies have shown that slowing the rate of gypsy moth spread can provide returns of \$2 to \$18 for every dollar spent. Gypsy moths defoliate over 3 million acres and cause over \$500 million in damage annually in the United States. In Wisconsin, costs to the state, businesses and the public will grow as more counties become quarantined, requiring state inspections and certifications of shipments of nursery stock, Christmas trees, lumber and outdoor household articles. Defoliation reduces property values and the productivity of forests, and high densities of gypsy moths increase public health problems, such as allergic reactions and respiratory problems.

Recommendation

Approve the request to provide a one-time increase of \$144,200 SEG (conservation fund-forestry account) in FY99 in s. 20.115(7)(q) (gypsy moth eradication; conservation fund) to support spraying of 14,420 additional acres to control the spread of gypsy moths.

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