



## Legislative Fiscal Bureau

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

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Joint Committee on Finance

Paper #151

### **Chronic Wasting Disease Control (Agriculture, Trade and Consumer Protection)**

[LFB 2003-05 Budget Summary: Page 52, #6]

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#### **CURRENT LAW**

Under s. 93.07 (10) of the statutes, the Department of Agriculture, Trade and Consumer Protection (DATCP) has the responsibility to protect the health of domestic animals of the state, including farm-raised deer, and to prevent, control and eradicate communicable disease among these animals. Under 2001 Wisconsin Act 56, DATCP is to license, regulate and inspect all of the state's estimated 850 captive deer and elk herds (including assuming responsibility of whitetail deer farms from DNR as of January 1, 2003), and related markets and movement in the state. DATCP is also responsible for the investigation of disease outbreaks and possible law violations.

Under DATCP's chronic wasting disease (CWD) administrative rules, all deer and elk farms must keep records for the last five years, report disease findings, and test animals that die or are sent to slaughter. A herd owner may not ship any live animals, other than to slaughter, unless the herd is enrolled in a monitoring program that includes individual identification and an annual herd census.

#### **GOVERNOR**

Provide \$350,000 GPR annually and transfer 5.0 animal health positions from PR to GPR. These positions are 1.0 field supervisor and 4.0 animal health inspectors that were authorized in the December, 2002, s. 13.10 meeting and funded from \$500,000 in one-time wildlife damage (fish and wildlife) SEG transferred from DNR to DATCP for chronic wasting disease management. The bill would transfer these positions to GPR on an ongoing basis.

## DISCUSSION POINTS

1. In the December, 2002, s. 13.10 meeting, the Joint Committee on Finance authorized DATCP \$625,800 and 7.0 positions for the Department's chronic wasting disease control efforts as follows: \$500,000 PR and 5.0 positions (from one-time SEG funds transferred from DNR to DATCP's state services appropriation); \$85,000 PR and 1.0 position from inspection and registration fees (from DATCP's animal health inspection, testing and enforcement appropriation); and \$40,800 FED and 1.0 veterinary position (from DATCP's federal indirect cost reimbursements appropriation). In addition to the veterinary position that is funded from the federal indirect cost reimbursements appropriation, DATCP is funding 1.0 compliance officer-supervisor position and 4.0 animal health inspectors from the state services appropriation, and 1.0 animal health consultant from the animal health inspection, testing and enforcement appropriation.

2. Funding for the 5.0 positions currently comes from DATCP's state services PR appropriation account. Revenue deposited into this account is revenue received by DATCP from other state agencies for services performed for these state agencies. The funding in this account that was used to fund the 5.0 positions (authorized to DATCP in the December, 2002, s. 13.10 meeting) in 2002-03 was from a one-time \$500,000 transfer of conservation fund monies (wildlife damage) from DNR to DATCP, to correspond with the transfer of responsibilities for captive cervid farm surveillance and monitoring. As a result, no funding is expected to be available to fund these 5.0 positions beyond June 30, 2003. DATCP is currently in the process of hiring all seven staff.

3. The supervisor position will serve as both a supervisor and a compliance officer for the Division of Animal Health (DAH). The position also serves as the division's chief liaison on CWD compliance issues. Primary responsibilities of this position include supervision of DAH inspection and compliance field staff; reviewing, evaluating and analyzing Division cases for the purpose of making enforcement referrals to district attorneys or the Department of Justice; and performing inspections when required.

4. The consultant position will serve as a compliance officer for an assigned area of the state, and coordinates activities and provides expertise in the field of humane treatment of animals. This position also investigates possible animal health and care violations reported by inspectors in order to determine the nature and extent of violations, and determines and implements enforcement actions to correct violations discovered through inspections.

5. The program veterinarian will serve as the veterinary specialist and program manager in the Division of Animal Health for wildlife diseases. The position is located in Madison and works with industry and other state, national and international organizations in the development of educational materials, disease control methods, testing protocols, and management practices. This position would also monitor disease threats and conduct threat analysis, and propose administrative rules and statutory changes to address concerns.

6. The four inspector positions will serve as animal health inspectors on a statewide basis with responsibility for enforcement of state and federal animal health laws and codes. Inspectors typically begin investigations related to livestock farms, markets, dealers and truckers,

violations of permit laws, cases of illegal entry of animals and cases of contagious disease exposure. Inspectors serve as the initial information gatherers, and refer cases and provide information to compliance investigators for in depth investigations. Currently, DATCP is authorized eight inspectors, with three filled positions, and is in the process of hiring the four positions authorized in the December, 2002, s. 13.10 meeting, and one other vacancy. Each inspector is responsible for a specific geographical portion of the state. Further, the federal government has assigned two inspectors to Wisconsin. The current responsibilities for these inspectors include 120 livestock markets, 520 dealers, 542 truckers, and 50 feedlots, 50,000 livestock farms, 1,700 fish farms and about 850 cervid (farm-raised deer and elk) farms. DATCP expects that the total number of cervid farms will be reduced to fewer than 700 registered farms (due to farmers leaving the business). In addition, the inspectors' duties with respect to CWD is expected to include significant investigation and verification of records kept by deer farmers.

7. DATCP plans to inspect deer farms that are not enrolled in its CWD monitoring program once a year, and inspect farms enrolled in the program biennially. DATCP estimates an enrollment of about 500 deer farms by the end of 2003-04 in its monitoring program, leaving about 200 unenrolled deer farms. If a deer farm is not enrolled, the farmer may only ship animals to slaughter. This would result in DATCP inspecting 450 whitetail deer farms annually.

8. Since five inspectors (three state and two federal) are currently responsible for a much larger livestock industry, the argument could be made that five inspectors to inspect 450 deer farms annually is not necessary, and that the number of inspectors authorized could be reduced. The Department argues that given the current threat of CWD, and the goal of eliminating it in its early stages, five inspectors are appropriate. Further, DATCP officials indicate that aside from inspecting the farms, a significant portion of the inspectors' duties will involve thoroughly examining deer farm records. DATCP argues that this responsibility will be crucial in order to verify that Department rules and regulations, that are in place to prevent the spread of CWD through the unregulated movement of deer, are being adhered to.

9. In order to enroll in DATCP's chronic wasting disease monitoring program, a herd owner must submit an application provided by the Division of Animal Health. Thereafter, the herd owner must submit an annual census report within 30 days of the enrollment anniversary date that consists of all animals in the herd and includes the following: (a) the official identification and all ancillary identification for all animals one year of age and older; (b) the total number of male animals less than one year of age and the total number of female animals less than one-year of age; (c) a list of all of the above animals that has each animal's age, sex and length of time in the herd; (d) the name and address of herd origin, length of time in herd of origin and CWD status of the herd of origin for all animals purchased within the last 12 months; and (e) a reconciliation of all discrepancies between the current submitted census and the previous year's census. In addition, samples from all animals that die or are shipped to slaughter that are at least 16 months old must be submitted to DATCP or to the federal Animal and Plant Health Inspection Service for CWD testing. Also, the herd owner must have his or her herd certified veterinarian conduct annual herd observations and submit a written statement to the Division of Animal Health regarding possible CWD. Only currently enrolled deer farms, with a certificate of veterinary inspection specifying that the cervid has tested negative for tuberculosis and that the herd of origin has shown no signs or

symptoms of CWD in the last 12 months, are allowed to move live cervids off of their farm (other than for slaughter), whether the movement is within Wisconsin or across state lines. Further, in order to import a cervid into Wisconsin, DATCP must receive a certificate of veterinary inspection completed by a federally accredited veterinarian that identifies each cervid to be imported, and certifies that: (a) the cervid is from a herd that has been monitored for at least five years under a state-approved chronic wasting disease herd certification program that complies with federal rules; or (b) that the cervid comes from a herd whose members have been in the herd and not been exposed to outside animals for at least one year, there have been no signs or symptoms of CWD in the herd for the past five years, and animal health officials in the state of origin have access to herd records for the past five years.

10. Of the four animal health inspector positions that the bill would transfer from PR to GPR, the Department is attempting to hire two at the entry level (with an annual base salary and fringe benefits of \$30,100), and two with prior experience and who have completed training (with an annual base salary and fringe rate of \$35,200). The supervisor-compliance officer position has a base salary and fringe benefits of \$43,200 annually. Thus, total salary and fringe benefit costs for these five positions are estimated to be \$173,800 annually.

11. In addition, the Department estimates supplies and services costs will be \$23,700 per position (\$118,500 for the five staff). The inspectors will be based out of their homes, and spend much of their time on the road making inspections throughout their regional inspection area. The supervisor is also expected to travel throughout the state frequently as part of his or her duties. The Department bases mileage expenses on the state reimbursing employees for driving their personal vehicles (at the state rate of 32.5¢ per mile). However, if state fleet rates are used, out-of-state travel is excluded and in-state travel is adjusted, the supplies could be estimated at \$15,500 per position.

12. Based on the above estimates, the Committee may consider providing \$251,300 annually for the 5.0 positions (a reduction of \$98,700 annually to the bill). Another alternative would be to provide \$155,000 annually for 3.0 positions (two inspectors, rather than four).

13. The Governor recommended GPR funding for these 5.0 positions because he viewed CWD and other animal health issues to be critical to the viability of Wisconsin's livestock industry. Others might argue that given the state's fiscal situation, sources of revenue other than GPR should be used wherever possible.

14. One possibility would be to fund a position from the Department's animal health inspection, testing and enforcement appropriation. This account is funded by animal market, dealer, and trucker licenses and deer farm and aquaculture registrations. Fees deposited into this account include: animal health inspection fees, interstate health certificate fees, farm-raised deer registration fees, fish farm fees, livestock market fees, livestock dealer fees and livestock trucker fees. Six staff are currently funded from this appropriation and include 2.0 program assistants for licensing and registration, 1.0 aquaculture veterinarian who manages the aquaculture program for Wisconsin, and 3.0 animal health consultants who follow-up on animal health violations by conducting investigations and preparing cases for prosecution, one of which was authorized in the December, 2002, s. 13.10 meeting.

### **Animal Health Program Revenues**

	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>
Opening Balance	\$467,100	\$433,300	\$262,700
Revenue	<u>296,200</u>	<u>310,000</u>	<u>355,000</u>
Total Available	\$763,300	\$743,300	\$617,700
Expenditures	<u>-\$330,000</u>	<u>-\$480,600</u>	<u>-\$480,600</u>
Closing Balance	\$433,300	\$262,700	\$137,100

15. On January 1, 2003, captive whitetail deer farm fees began accruing to this account. This account is expected to have a balance of \$433,300 on July 1, 2003. In addition, DATCP plans to approximately double farm-raised deer registration fees (currently at \$50 for farms of 15 and fewer cervids, and \$100 for farms of 16 or more cervids) by administrative rule beginning in 2004-05. Revenues from captive deer and elk farm fees are estimated at \$52,100 in 2003-04 and \$104,200 in 2004-05.

16. As a result of the deer-farm related funding in this account, and the state's current fiscal situation, one could argue that it would be appropriate to fund one of the CWD animal health inspector positions from this appropriation, instead of GPR (at the cost of \$45,600 annually). Further, particularly after the initial surge of CWD inspections, it is likely that staff would also be utilized for other livestock inspections and regulation.

17. Others might argue that the decreasing balance of the fund (expenditures exceed revenue by approximately \$125,000 in 2004-05) means that additional expenditure authority should not be added to it.

18. Another option would be to add the PR inspector position starting in 2004-05 in order to coincide with the Department's anticipated fee increase, which is expected to increase revenue by approximately \$52,000 annually, enough to cover the costs of an inspector-entry position. However, other fees may need to be increased by the Department in order to balance the account in the 2005-07 biennium. In addition, since none of the five staff have been hired to date, it is possible that DATCP could see sufficient salary relating savings in 2003-04 to fund the five staff (assuming several are not hired until after July, 2003). Under this alternative, \$45,600 PR would be provided for 1.0 position in 2004-05 and at least \$144,300 GPR could be deleted each year from the bill (alternative #3).

19. It could be argued that deer farm fees should be increased to pay for the 5.0 staff proposed to be on GPR. In order to support \$271,200 funding for these positions, DATCP would have to increase deer farm registration fees to an average of over \$400 (from current fees of \$50 and \$100). DATCP believes that this option could result in many deer farms going out of business and could also create a health risk as some deer farmers may resort to illegal activities to dispose of their

deer, such as releasing them into the wild, moving them without appropriate testing or records, or not feeding them. Further, the Governor elected to recommend GPR funding for these positions in light of the high importance of strong animal health regulation in Wisconsin. He expressed doubt that fees would provide sufficient revenue for the staffing levels needed and also feared the possibility that high fees would lead small game farms to release their animals into the wild, rather than pay the fee increase.

**ALTERNATIVES**

1. Approve the Governor's recommendation to provide \$350,000 GPR annually and transfer funding of 5.0 animal health positions from PR to GPR.

2. Provide \$251,300 GPR annually for 5.0 animal health positions. (This would provide for the 5.0 staff at the reestimated salary and supply level.)

<u>Alternative 2</u>	<u>GPR</u>
<b>2003-05 FUNDING</b> (Change to Bill)	- \$197,400

3. Provide \$205,700 GPR and 5.0 GPR positions in 2003-04 and \$205,700 GPR and 4.0 GPR positions in 2004-05, and \$45,600 PR and 1.0 PR inspector in 2004-05 from the animal health inspection, testing and enforcement program revenue appropriation.

<u>Alternative 3</u>	<u>GPR</u>	<u>PR</u>	<u>TOTAL</u>
<b>2003-05 FUNDING</b> (Change to Bill)	- \$288,600	\$45,600	- \$243,000
<b>2004-05 POSITIONS</b> (Change to Bill)	- 1.00	1.00	0.00

4. Provide \$132,200 GPR and 3.0 GPR positions in 2003-04 and \$109,400 GPR and 2.0 GPR positions and \$45,600 PR and 1.0 PR position in 2004-05.

<u>Alternative 4</u>	<u>GPR</u>	<u>PR</u>	<u>TOTAL</u>
<b>2003-05 FUNDING</b> (Change to Bill)	- \$458,400	\$45,600	- \$412,800
<b>2004-05 POSITIONS</b> (Change to Bill)	- 3.00	1.00	- 2.00

5. Delete provision.

<u>Alternative 5</u>	<u>GPR</u>	<u>PR</u>	<u>TOTAL</u>
<b>2003-05 FUNDING</b> (Change to Bill)	- \$700,000	\$0	- \$700,000
<b>2004-05 POSITIONS</b> (Change to Bill)	- 5.00	5.00	0.00

Prepared by: Christopher Pollek