COOPERATIVE-WORK PLAN 2006

COOPERATIVE AGREEMENT

BETWEEN

THE WISCONSIN DEPARTMENT OF AGRICULTURE, TRADE AND
CONSUMER PROTECTION,

DIVISION OF ANIMAL HEALTH

AND

THE UNITED STATES DEPARTMENT OF AGRICULTURE, ANIMAL,
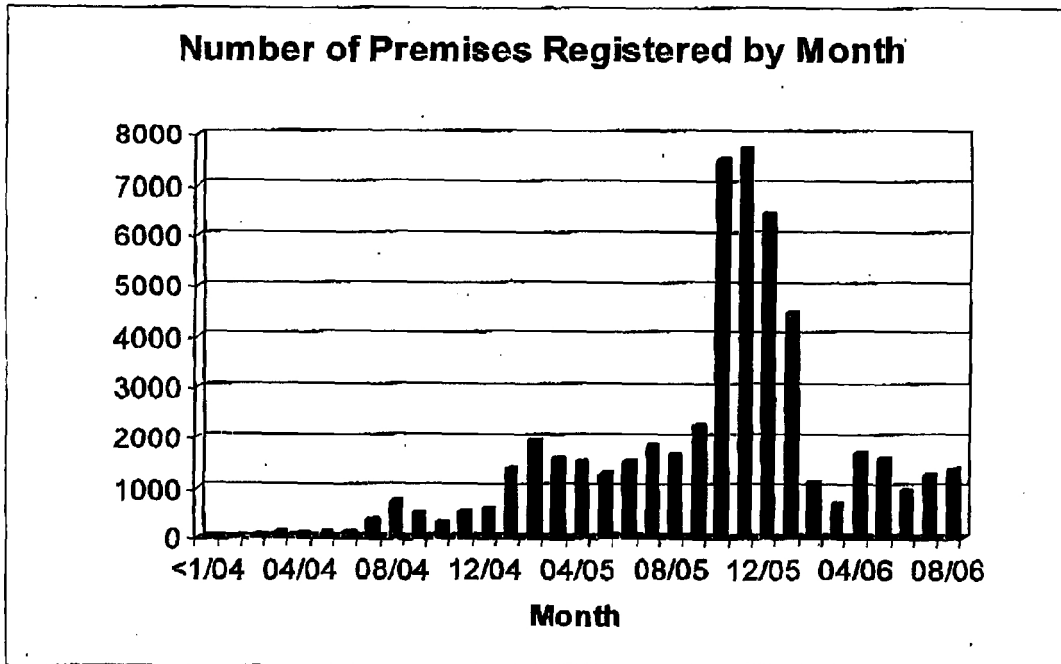AND PLANT HEALTH INSPECTION SERVICE, VETERINARY
SERVICES

Introduction

The Wisconsin Department of Agriculture, Trade and Consumer Protection (DATCP) is
requesting funding from the United States Department of Agriculture, Animal and Plant Health
Inspection Service, Veterinary Services (USDA) for the implementation of the National Animal
Identification System (NAIS) Premises Registration and Animal Identification within the state.
Included with this project proposal is a budget narrative outlining the contribution from
DATCP, Industry and a request of funds from USDA towards salaries/fringe,
supplies/services, cost share program and contractual services included in this project.

Background

DATCP has utilized a multi species unified approach to implementation of the Premises
Registration component of the National Animal Identification System. Through USDA funding
provided to the Wisconsin Livestock Identification Consortium (WLIC), Wisconsin developed a
state based premises registration and animal identification and tracking information system.
The premises module was adopted and modified by USDA and is now offered to other states
as the standardized state premises registration system (SPRS). As of August 1,2006, 51,670
premises have been registered. Wisconsin's mandatory premises registration law was
effective January 1, 2006 for all entities not licensed by the Department; those with licenses
were required to register by their license renewal date. Producers are given the options of
registering on line or by paper application.

Below is a graph outlining the volume of premises registered by month.

Number of Premises Registered by Month

DATCP is in a unique situation to advance the NAIS in the state of Wisconsin at an accelerated pace. Wisconsin ranks seventh in livestock sales per state and ninth (estimates 33 million) in number of cattle within the state. Agriculture contributes an estimated $50.5 billion dollars annually to the state's economy making an uninterrupted flow of commerce crucial to the state. To further advance the NAIS in Wisconsin, DATCP is seeking federal funds to promote and maintain the premises registration system and move to the next steps, as outlined in the NAIS, of individual animal identification and tracking. DATCP feels confident that Wisconsin can make great strides towards implementing individual animal identification and tracking through voluntary reporting and implementing a cost share program for USDA approved tags and industry infrastructure. With a premises registration system in place and the capability to record individual animal ID information for premises, DATCP is ready to start implementing animal ID on a wider scale if adequate funding and resources are available. Any premises data collected as part of this project will be stored in the state premises information system managed by the WLIC under a contract previously established between DATCP and WLIC. DATCP has also contracted with WLIC to manage and promote the animal ID cost share program in the state. DATCP reserves the right to contract with any party or organization at a later date. As outlined in the NAIS program, standards, premises data will be passed onto the national premises repository managed by USDA. Wisconsin state law requires that without approval from the producer, or state veterinarian premises information cannot be shared with any entity beyond State and USDA animal health officials.

Wisconsin's data system has been evaluated and approved to participate in the interim/development phase of the integration of the private and State Animal Tracking Databases (ATDs) with the NAIS Animal Trace Processing System (ATPS). Wisconsin is actively involved and represented on the ATPS collaborative development team.

Objectives. Purposes and Desired Results

Premises registration, animal identification and tracking are not new to the state of Wisconsin. Premises and animal identification have been on the forefront of Wisconsin agriculture for the past 5 years. Since the Wisconsin economy heavily depends on agriculture, in 2001 Wisconsin industry groups formed WLIC to address the deteriorating level of animal identification in the livestock industry. DATCP provided a grant to WLIC to get the consortium established and organized. Since then DATCP and WLIC have been working together on advancing the premises and animal ID efforts in Wisconsin. Wisconsin continues to provide leadership at the state and national level on promoting and advancing the NAIS.

The first online premises registration system that meets the requirements outlined in the USAIP was developed in Wisconsin in 2003 and was available to Wisconsin producers to voluntarily register their premises since January of 2004. In January of 2006 premises registration became mandatory in Wisconsin. USDA selected the Wisconsin system as the model for the state premises registration system (SPRS) offered to states and tribes.

Through the work of DATCP and WLIC, communication and outreach efforts have been ongoing for almost 4 years. DATCP and WLIC staff have provided materials and presentations on the National and State animal ID status to industry groups and producers on numerous occasions. Beyond premises ID, several animal ID and animal tracking pilot projects have been completed to evaluate specific areas of concern and use the lessons learned towards implementation on a larger scale. Pilot project results can be viewed at: http://www.wiid.org/index.php?action=pilotnew_about.

Wisconsin currently has over 53,000 premises registered and continues to work toward compliance with Wisconsin Act 229 (Mandatory Premises Registration). Wisconsin is well positioned to institute and expand voluntary animal identification and tracking in the state, the next steps outlined in the NAIS.

Since USDA has endorsed voluntary participation in the national animal identification system, one of the main concerns in regards to adequate enrollment will be the cost to producers and industry for enrolling. Wisconsin is well positioned to promote voluntary participation through outreach, education and cost share incentives for tags and industry infrastructure.

Results and Benefits Expected

DATCP expects the goals of the project to mutually benefit the state of Wisconsin and the USDA. DATCP has provided leadership by requiring mandatory premises registration and will work with industry and producers to promote voluntary participation in the next implementation phases of the NAIS - individual animal ID and tracking. DATCP intends to continue moving forward and with the lessons learned; other states and USDA could benefit in the development of the capacity to track animals from birth to

slaughter and a 48 hour disease trace-back system and further implementation of the

NAIS in other states. DATCP will make available outreach and educational materials developed to promote the NAIS to USDA and other states and tribes. DATCP will also share lessons learned and practical experiences in developing market infrastructure and RFID technology. USDA has requested what incentives could be put in place to achieve enrollment benchmarks established by USDA, Wisconsin wishes to evaluate the adoption process for animal ID and animal tracking by establishing a cost share agreement with producers and livestock industry and heavily rely on industry to promote the cost share program.

Approach—Detail or Plan and Activities to be Accomplished

1. Educate livestock owners of the requirements of the mandatory premises registration program, the voluntary animal identification and tracking program and information and promotion of the NAIS. In general:
   a. DATCP will provide funding to WLIC for outreach activities through events, projects, mailings and a website providing information and promotion of the NAIS the requirements in Wisconsin; mandatory premises registration, voluntary animal identification and tracking and the cost share program.
   b. Contract with WLIC to provide information related to NAIS, premises registration, animal ID and tracking and the cost share program at State Producer meetings, National Association meetings and trade shows.
   c. Funding will provide DATCP staff to educate producers about Wisconsin Act 229 and promote compliance in the state.

DATCP has been working with livestock owners to educate them on the requirements of Wisconsin Act 229, the mandatory premises program, and the voluntary animal identification and tracking programs as outlined in the NAIS. DATCP has contracted with WLIC to provide many of the outreach activities proposed in the grant application; however any compliance action will be initiated by DATCP staff. WLIC has proposed a detailed informational plan that includes representation and booths at State Producer and National Association meetings and Industry trade shows. They also are anticipating direct mailings. The department has sent out informational mailings on animal diseases using the premises registration data and anticipates these mailings will occur in the future.

Through the mandatory legislation DATCP is required to align the process of registering and renewing premises information with the renewal process of existing licenses holders, (i.e. milk permits, dealer permits, etc.) Linking the two databases requires additional technical staff. DATCP also anticipates the need for technical expertise as we assist in developing the integration of the private and State Animal Tracking Databases (ATDs) with the NAIS Animal Trace Processing System (ATPS). DATCP anticipates that with mandatory premises registration linked to the department licensing database and the move toward voluntary animal identification and tracking, the Department's workload will continue to increase in the future.

2. Contract with WLIC for systems administration.

a. Provide WLIC funding for data entry, data processing and help desk staff for premises registrations and voluntary animal identification and tracking data.
   b. WLIC will provide a toll-free hot line for animal owners to contact them and answer any questions related to Premises Registration, animal identification and tracking.
   c. WLIC will administer the information system that stores premises data for DATCP and voluntary animal identification and movement data.
   d. Funding will be provided to WLIC continue the enhancement of the premises registration and animal ID software to meet national and state requirements and also report generation. Enhancements will be shared with USDA and can be included with the SPRS upon USDA request.
   e. WLIC will provide premises registrants a confirmation letter, premises registration card and also renewal cards.

DATCP anticipates contracting with WLIC to provide systems administration. WLIC will support software development, systems operations and premises registration services. WLIC will make enhancements to the premises software to meet the national and state requirements. They will also provide the premises software that was developed in cooperation with industry. DATCP and WLIC will be responsible for hosting, operations and off site data storage. WLIC will also support the premises registration process. They will provide a confirmation letter to any producer registering a premises and one premises registration card will be provided. To maintain the accuracy of the data, a renewal form will also be sent to registrants on a regular basis. WLIC will support the voluntary animal identification and movement tracking systems and administer the processing in accordance with the standards and guidelines set forth in the NAIS and standard operating procedures (SOPs) developed with the DATCP. WLIC will administer the cost share program on behalf of the DATCP.

3. Compliance and enforcement of Wisconsin Act 229
   a. DATCP will provide staff for inspection and enforcement.
   b. DATCP staff will verify premises locations and provide information and enforcement of the Department's premises rule.
   c. DATCP staff will provide mapping expertise and tools.

DATCP's Animal Health Inspectors will provide inspection and enforcement support for compliance of Wisconsin Act 229. Additional workload for DATCP is anticipated for premises registration and animal ID and tracking. The Department is also requesting funding for 1 project employee, salary, fringe and supply costs.

4. Animal Identification and Tracking Implementation project
   a. Cost share with livestock producers to obtain USDA approved ID devices with AIN numbers.
   b. Cost share with livestock markets and processing facilities to obtain data collection technology.

   c. Contract with WLIC to provide project management and data storage.

DATCP and WLIC propose to implement and promote voluntary animal identification and movement tracking through a cost share program. Individual animal identification and movements/sightings attached to a premises is crucial in the event a trace-back/forward is required. With premises registration in place the next step is to build the infrastructure for a voluntary animal identification and tracking system. Based on the information gathered through the WLIC pilot projects, DATCP proposes to implement a voluntary system using an inventive cost share program with producers. Producers will be eligible to receive funding for USDA approved ID devices with AIN number to identify animals leaving the farm. Using the USDA funds, DATCP would contribute up to 25% or a maximum of 50 cents towards the purchase of approved ID devices using the AIN numbering system. The cost share will be capped at $90,000 and producers will not receive compensation for more than 50% of the herd size.

DATCP also recognizes the need to build infrastructure in markets and processing facilities. Currently Wisconsin has three large processing facilities and approximately 350 smaller processing facilities and 47 rendering facilities for livestock. There are approximately 725 livestock markets and dealers in the state and three livestock markets with the capacity to record RFIDs. DATCP proposes to begin a 50-50% cost share program with these facilities that wish to voluntarily install data collection technology. DATCP will contribute up to 50% or a maximum of $10,000 towards the purchase of data collection technology (stationary or hand held), installation and integration of equipment. The cost share will be capped at $120,287 for markets/dealers and processing facilities.

While DATCP will administer the cost share program, DATCP anticipates contracting with WLIC to manage the program and provide the information system to record individual animal ID and record animal movement. WLIC will collect AIN allocations from the USDA AIN allocator, and supply animal movement information from producers, markets and exhibitions to the USDA ATPS when required. In order for DATCP to monitor progress and compliance of participants with the incentive program, WLIC will supply DATCP with monthly reports on AIN numbers allocated to Wisconsin premises and movements recorded by participants in the cost share program. For a detailed description on USDA/DATCP contribution and producer/industry contribution, refer to the budget outline and supporting text.

Accomplishments to be achieved

The goals of the project are to continue to move forward towards the development of an Animal Identification and Tracking program for a 48 hour trace-back of a diseased animal. This will be accomplished through compliance efforts related to Wisconsin Act 229 and the Departments administrative rule and the implementation and promotion of a voluntary animal identification and tracking program in the state.

Premises registration objectives:

1. WI Act 229 was effective on January 1, 2006 for all WI livestock premises not currently licensed by the department. License holders are required to have their premises registered at time of license renewal. DATCP has taken an educational

approach on compliance to date. While we will continue this approach it is expected that compliance action will need to be initiated in some cases.

2. Ensure compliance with Act 229 by requiring all DATCP license holders to obtain a premises registration number collected through the WLIC system. DATCP will link the department licensing database and the premises registration system through an electronic module, eliminating the need for manual intervention.

Animal ID objectives:

1. The 25% cost share on USDA approved RFID tags has broad industry support in Wisconsin. The Departments goal is to assist the early adopters of the technology with the cost share incentive. Our expectation is that the cost of the tags will go down as demand increases, eliminating the need for the incentive in the future.

2. Allocate at a minimum 280,000 USDA approved AIN ID devices to producers and provide at a minimum 10 markets, or exhibitions and 10 processing facilities with data recording capabilities.

3. Measure how producers and industry will react to a voluntary program that includes an incentive to participate.

4 Make producers, markets and exhibitions aware of recording of movement through either the WLIC system or by working with third party service providers.

5. Solicit third party service providers to record animal movement information and establish agreements to provide animal ID and animal movement data to the WLIC system.

6. Conduct an animal health emergency exercise and measure the effectiveness of the system in place by measuring the accuracy and completeness of the premises information (measurables are: incorrect contact information, number of premises found versus premises not recorded) and level of traceability (number of animals that can be traced back to the point of origin, potential contacts and subsequent locations).

7. DATCP will measure the number of producers signing on to the program, number of

animals enrolled by species (AIN allocated), and number of animal movements recorded by producers and markets. Information on the effectiveness of a producer and industry incentive for identifying animals and recording movement will be provided in the quarterly reports to USDA.

2005-2006 Budget Narrative

A. and B- Personnel and Fringe Benefits

Susan Buroker, DATCP will be the Project Coordinator for the ID project. The project coordinator contribution is estimated at 25% of the full time position. DATCP program

staff will manage the logistics of the program, work with WLIC to manage the premises, animal identification and tracking information and work cooperatively with WLIC on outreach efforts. Wages and fringe benefits for the project manager and support staff are provided as in-kind contributions and projected at $100,000. DATCP is also requesting funding of $106,039 for one project employee to provide technical information technology support for the Premises Registration and Animal Identification and Tracking systems and connectivity with the ATPS as required by USDA.

C. Travel

DATCP

DATCP staff will support the outreach efforts from WLIC, travel expenses will be provided as an in-kind contribution projected at $ 10,000.

Industry Meetings

As part of the outreach efforts and soliciting input from industry into the implementation of NAIS in Wisconsin, quarterly industry meetings hosted by WLIC will be held in addition to WLIC board meetings. Four regular meetings of the WLIC membership (approximately 60 members) are held quarterly. Total in-kind industry contributions are projected to be $102,656, based on the equivalent of $500 per diem (minus $75 if WLIC board member) and travel expenses at the federal rate of 0.405 per mile for members and directors.

D. Equipment and ID Devices (Coat share program)

It is estimated that $210,287 in federal contributions will be used towards a cost share program for ID devices and data collection infra-structure. Producers will be responsible for purchasing USDA approved ID devices with AIN numbers. Using the federal funds DATCP will reimburse producers up to a maximum of $0.50. At the maximum rate of cost share ($0.50) it is estimated that at a minimum 180,000 animals will be identified during the length of the project at a cost of $90,000. $120,287 is reserved towards the reimbursement for the purchase and installation of data collection equipment at markets, exhibitions, and slaughter facilities. It is estimated that at the maximum rate of cost share at a minimum 12 facilities will be able to install data collection equipment. To obtain any incentive, producers and industry must purchase ID devices and data collection equipment. The producer share for ID devices (75%) is projected at $270,000 and the industry share for data collection equipment (50%) is projected at $120,000. All hardware equipment will be purchased from US vendors who provide ISO 11784 and ISO 11785 compliant technology.

E. Supplies

$21,780 is budgeted for rent, IT support costs, software, PC's and miscellaneous office supplies for DATCP personnel.

F. **Contractual Services**

It is anticipated that WLIC will be contracted to manage various aspects of the project. The contract amount is budgeted at $1,197,428 and is broken out as follows:

Personnel and Fringe
To administer data entry, administrative, technical support, and outreach efforts, WLIC intends to maintain existing staff and have the equivalent of 6.5 positions to register and renew up to 60,000 premises and administer the processing of animal ID information obtained through the cost share program. Salaries, benefits and fringe (including office space, access and use of copiers and printers, mail and accounting services) are budgeted at $362,384 for one year.

Travel expenses
Travel expenses include costs for WLIC staff to attend in-state meetings providing outreach efforts to producers and industry. To support the national program and remain

compatible with NAIS requirements, WLIC will attend out of state animal ID related meetings. Total costs for travel is budgeted at $27,850 and phone support including a toll-free number is budgeted at $21,600.

Supplies
To support the premises registration and renewal efforts, supplies for printer paper, toner, etc. are budgeted at $20,600.

Equipment
To meet turnaround time requirements for premises registration additional hardware in the form of PC computers, printers and card printers will need to be purchased. In addition several RFID reader devices will be purchased for demonstration purposes and field trials. Equipment costs are budgeted at $13,350.

Services
WLIC will provide various services to DATCP under a contract and will continue sub-contracting professional services for development and information systems and outreach with Turn. Bruenig (TTG) and Galena. A breakout of services is provided below:

- Premises registration and renewal confirmation and cards
WLIC will provide premises ID cards to producers that register their premises. Sending out renewal letters plus printing and mailing of confirmation letters and premises cards for those that have not registered and those renewing their premises registration 60,000 premises is budgeted at $102,000.

- IS Support Services
The project requires extensive information systems development and support. The Consortium has acquired the services of Clarkston to maintain and develop the

Premises Identification Information System, the Canadian Cattle Identification Agency to host the software and Iron Mountain to provide backup services. Operational cost of the system is estimated at $10,150 per month, or $121,800 annually. Additionally, $250,000 is budgeted for additional system development and enhancements to meet DATCP requirements for premises registration and building the interface with the ATPS system.

- Outreach & Contract Administration
WLIC will continue to use the services of TTG consulting in the communication and systems design functions. In addition WLIC will continue to contract with a professional communication firm (Galena) to assist the manager of communications and marketing in the planning and execution of the communication efforts. In addition to assisting in the execution of the communications plan, the communication firm will be used to assist in the evaluation and revisions to the communication plan. The objective of enrolling producers that have not registered their premises and enrolling producers in the animal ID cost share program will be the primary emphasis of the plan. Outreach efforts including website enhancements are budgeted at $251,844.

- Professional services
WLIC will contract with several organizations that will provide professional services. These services include CPA, Strategic Planning, Clerical and Legal advice for review of agreements with DATCP and organization providing supporting services are budgeted at $26,000.

G. Construction

None

H. Other

Indirect Department costs are budgeted at $217,278 or 14.15% of the federal funds received.

2005-2006 DATCP Budget estimates

Category	Item	Cost	Total
A. Personnel	In Kind DATCP	$69,000	
	DATCP Personnel	$73,080	
			$142,080

B. Benefits	In Kind DATCP	$31,000	
	DATCP Benefits	$32,959	
			$63,959
C. Travel	In Kind DATCP	$10,000	
	In Kind Industry	$102,656	
			$112,656
D, Equipment and ID Devices	RFID tags cost share	$90,000	
	Equipment cost share	$120,287	
	RFID Producer share	$270,000	
	Equipment Industry share	$120,000	
			$600,287
E. Supplies	DATCP Supplies	$21,780	
			$21,780
F. Contractual Services	Personnel and Fringe	$362,384	
	Travel	$27,850	
	Phone	$21,600	
	Supplies	$20,600	
	Equipment	$13,350	

	Premises Confirmation.	$102,000
	IS Support	$121,800
	Development	$250,000
	Communication and Contract Administration	$251,844
	Professional Services	$26,000
		$1,197,428
G. Construction		$0
H. Other	Indirect Charges	$217,278
		$217,278
Total Budget		$2,355,468
	In kind Contribution	$602,656
	Federal Layout	$1,752,812