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Sen. Bruce Tutvedt, Chairman
Rep. Ryan Lynch, Vice Chairman
Economic Affairs Interim Committee
P.O. Box 201706
Helena, MT 59620-1706

Dear Senator Tutvedt and Representative Lynch,

The purpose of this letter is to provide information to the Economic Affairs Committee regarding the proposed rule change for certified weed seed free forage (WSFF). As a brief introduction, I own an agricultural consulting business, produce hay and grain on 300 acres, and served as the first state weed coordinator in Montana overseeing the Noxious Weed Trust Fund (NWTF) grant program (1985-1988). I also helped support NWTF legislation in subsequent years to increase revenue to the fund. I would like to clarify some statements made by Department of Agriculture in their response to this committee regarding the NWTF, and also have a few comments and questions on the Weed Seed Free Forage Program.

Noxious Weed Trust Fund (NWTF)
Montana Department of Agriculture (MDA) was legislatively tasked to oversee/administer the NWTF grant program since its inception. Legislation provided for some positions within MDA weed program to be funded out of the NWTF as long as they were within 12%, which is adequate to oversee the NWTF program. This interpretation of the legislation was recognized by MDA, and the program operated effectively until about 2006 (20 years). At that time MDA re-interpreted the legislation so they could use NWTF revenue to support weed management staff, travel, program operation's, etc. within MDA above the 12% cap. The oversight for these expenditures is the advisory council which MDA selects, chairs, and has ultimate authority over. Many of us involved with the NWTF program since its inception, along with the 2013 legislature, thought MDA's 2006 interpretation was incorrect, and that use of NWTF dollars for staff, program operations and administration far exceeding the 12% limit was outside the intent of the original legislation. SB144 clarified the 12% language and protected the trust fund for its intended use, reducing the number of people MDA can fund with NWTF revenue in FY2015 and beyond.

The second point to clarify is the education position. Director de Yong's statement justifying the education position at MDA because it had been "greatly diminished in effectiveness at MSU" is incorrect. MDA along with other agencies chaired the oversight committee and annually reviewed the original education position at MSU. It wasn't until Tracy Sterling took over as Department head at MSU that she became aware of the inaccuracies of the committee review and terminated the contract for the position. The education position currently under MSU appears to be working effectively.

Weed Seed Free Forage Program's (WSFF)
When the WSFF program was initiated in Montana (1995) it was discussed that producer fees would support the program within three years. It was never the intent that the NWTF would provide continued funding to subsidize the program. Since the WSFF program in Montana has been subsidized for about 18 years, and increased fees were not phased in over time, it may take a couple of years for higher fees to be accepted by producers. Increased costs must be off-set by market demand and price.

I contacted seven western states to determine fees charged and operations of WSFF programs to compare fees proposed in MT. A brief summary of information from other states regarding program operations and rates charged is attached as an addendum to this letter for your information. The Colorado WSFF program has operated for 19 years (similar to MT) and in my opinion has the most effective/ long-term WSFF

program in the West—it is 100% producer funded. One statement that was very clear from states that I contacted was the WSFF program ***must be market driven and producer supported or it will not be successful.***

States also indicated that the primary market for certified WSFF is certified straw/mulch for post-fire rehab, road construction, and other construction projects on state and federal lands (including highways); with certified hay for use on federal lands (USFS/BLM) a significantly smaller market. However, they agreed that the market will vary each year based primarily on growing conditions (drought), supply/demand, and scope of rehab projects requiring WSFF (construction projects, post-fire rehab, etc). ***Development of viable markets was identified as critical to program success.***

Following are questions regarding program operations and increased fees. Since the budget doesn't show program income/expenditures, it is difficult to determine accuracy of figures.

1. The Colorado WSFF program costs a total of about $115,000 to certify between 30,000 and 32,000 acres (ac) of forage/year, at an average cost of about $3.70/ac (note- cost/ac is higher on small acreage and less on large acreage). If the Montana program costs $4.50/ac plus $19,200 in twine/tags to certify 14,500 ac/year, that totals $84,450 or an average cost of $5.80/ac. Why is cost significantly higher than CO? Since half the inspection fee stays with the county inspector ($32,625), who pays the $70,909 difference between producer fees and the $122,734 budget proposed by MDA?
2. In reference to the $8100 travel budget for facility inspections: *Why is Montana inspecting out of state facilities and how much of the $8100 shown in the budget is for that expenditure? *How are those costs reimbursed? *How many facility inspections are conducted, average cost/inspection, and who pays that cost?
3. Since MDA is planning to have 0.8 FTE (and 0.2FTE supervisor) assigned to WSFF program, what will that person do for 9.5 months when the bulk of the work is from May through September?
4. How does MDA propose to fund the 0.8 FTE (and 0.2 FTE supervisor) if the number of producers in the program are greatly reduced by increased fees? Same question during a drought year, or when there is surplus certified straw/hay and limited markets that reduce producer involvement in the program.
5. What percent of producers does MDA think they will lose with fee increases and how was this percent estimated?
6. If you combine the NWTF subsidy with the amount paid for certification by producers/facilities, what was the average cost/acre/year for WSFF certification in MT the past 3 years?
7. Has producer involvement in the WSFF program increased, decreased or remained static during the last 5 years?
8. What is the retention rate for producers enrolled in the WSFF program in MT?
9. Are USFS and BLM providing adequate support to the WSFF program in MT including closures, compliance, enforcement, education with back-country users, treating weeds at trailheads, etc?
10. What percent of hay produced in Montana is certified weed seed free, and what is the estimated current demand (tons) for weed seed free hay? Same question for certified straw?
11. Does the certified cube/pellet market meet the bulk of the demand for WSFF in the backcountry?
12. What is being done to develop markets for certified WSFF in Montana?

In summary, I believe it is more advantageous to have a producer supported/market driven WSFF program in Montana. However, it needs to be effectively and efficiently managed so that producers get the most value for their product.

Thank you for your time and effort to find the best solution for the WSFF program in Montana. If you have any questions or need more detailed information please feel free to contact me.

Best regards,

Celestine Duncan
Owner, Weed Mgt. Services

Addendum: Brief program description and costs associated with WSFF program in other states; more detailed information is available on request:

1. *Colorado*: WSFF program started in 1994, subsidized in part by Colorado Dept of Ag. for the first 2 years. Program is very effective, and has been 100% producer supported/market driven since 1996. Program cost averages $115,000/year to certify 30,000 to 32,000 acres/year. About 200 producers are in program, with a 90+% producer retention rate. 20 inspectors are available statewide on as-needed basis. Program admin—2 people, who also administer two large programs in addition to WSFF. Fee schedule: $2.50/ac for every acre that passes inspection;+ $20/hr for inspector + travel (mileage $0.51/mile); + twine + each producer pays a 1-time/year $50 administrative fee (no tags, too expensive to tag bales/issues with switching tags)
2. *Washington*: A grant subsidized the program the first year, but supported by producer fees since that time. Certify about 3000 acres or estimated 13,500 tons/yr. Administered by existing staff; program needs vary widely depending on market. Rate for inspector is $50/hr + mileage. 11 inspectors available + some county weed districts for inspections.
3. *Oregon* – program subsidized for the first 2 years and then supported by producer fees. Program fluctuates depending on market demand. Market for certified hay is not very large, and certified straw market varies each year. Fee- $60/hr for inspector.
4. *Idaho* –WSFF administrator also runs grasshopper and Mormon cricket program. Salary funded in part by federal State Forestry dollars. Cost per acre to a producer is $3.00/ac for the first 99 acres and $2.00/ac for acreage over 99 acres plus twine/tags. The bulk of WSFF is grown in 3 counties in ID, primarily hay cube/pellet market. County weed district staff certify in their county.
5. *North Dakota*: Dept of Ag supplies tags [$5200], and 1/3 of an employee time for 5 months of the year [est. $8250/yr]. Producer cost is $2/ac + $30/hr for inspector + 0.55/mile travel + twine. Inspectors are private contractors and serve on as-needed basis [2012-- certified 8500 acres]
6. *Adrian Peterson, WY* (NAISMA program): Average cost of certifying WSFF in western states though the North American Invasive Species Management Assn. sanctioned program is about $3.00/acre.
7. *Arizona:* Arizona uses the state Crop Improvement Association to certify noxious weed forage and mulch. A description of their program and standards is available online at: http://www.arizonacrop.org/NWFF&M/Standards.html