

# Washington Compensation Program Proposal

## Prepared by the Wolf Advisory Group (WAG) Pay-for-Presence Compensation Task Group<sup>1</sup>

### Purpose:

WAG Pay-for-Presence Compensation Task Group (P4P CTG) is tasked by the full WAG, with WDFW support, to develop a proposal for revising the current indirect and direct compensation program to address issues that have been raised with the current programs. By creating an alternative to the current compensation program WAG members hope to create a simplified and trusted program that reduces paperwork and process burdens on producers and staff, in turn allowing for quicker department processing and producer compensation in a fair process.

### Proposal:

The P4P CTG proposes the following indirect and direct compensation programs for losses of livestock associated with wolf activity in proximity to livestock in Washington State:

- **Indirect Losses:** A tiered pay-for-presence program (hereafter “P4P”<sup>2</sup>)
- **Direct Losses:** Revisions to the current Washington State direct loss compensation program (revisions to the WAC direct loss compensation requirements are consistent from those with the WAC Compensation Subgroup).
- **Preventative/Non-Lethal:** Three funding mechanisms: Damage Prevention Cooperative Agreements for Livestock (DPCA-L), Ag-grant programs, state contracted range rider program, plus WDFW deployed equipment (fladry, Foxlights, etc.). This proposal would not create a change to the DPCA-L program that cost-shares with producers who wish to apply for funding<sup>3</sup> for non-lethal tools during this adaptive management/pilot program. Producers would be able to apply to any or all three programs (direct, indirect/P4P, and/or DPCA-L).

### Definitions

**Owner or Lessee:** The producer who has a written or verbal legal right to the livestock lost or damaged during a wolf depredation. If there is a written lease agreement, the lessee will provide the lease agreement to WDFW. The producer may choose to redact the terms, conditions, and values specified in the written agreement. If the lease agreement is verbal, the lessee will provide a simple brief written statement signed by the lessor that “[name of the producer] is leasing the livestock in question, and is the sole applicant for compensation for its loss.” In all cases, compensation is

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<sup>1</sup>WAG Members: Amy Porter, Paul Swedeen, Samee Charriere, and Tyler Allen. Scott Nielsen also provided insights, WDFW Staff: Jim Brown

<sup>2</sup> Other states including California, Arizona, and New Mexico have utilized P4P approaches. These models have been considered in the development of this proposal, but this proposal structure is unique to Washington State.

<sup>3</sup> DPCA-L funding varies by producer based on the need, which based on current/potential wolf activity.

provided only to the owner or the lessee—not both parties. (text from the WAC subtask group recommendations)

**Known wolf activity area:** Known wolf activity areas would be defined by GPS collar data, remote sensing (e.g., camera traps, acoustic recording units), depredation events, genetic evidence (e.g., feces), or other methods of verifying wolf presence. WDFW staff do not have to be present to verify wolf presence. No distinction would be made between “core” and “non-core” wolf activity areas to simplify the program’s payment structure and reduce dependence on GPS collar data for delineating activity area types. Wolves documented within a producer’s operation but not known to be members of an adjacent pack or are active outside of a previously defined wolf activity area (based on an occupancy map similar to what is currently found in the annual wolf report, or other WDFW modeling) may still qualify a producer for P4P compensation. Known wolf activity areas would be established at the beginning of the grazing season, and would be subject to change if wolf activity appears and is sustained over a 30-day period in new areas during the grazing season (with documented presence based on the kinds of evidence previously listed).

## Indirect Losses: Pay-for-Presence (P4P) Program

**Purpose:** The purpose of a P4P model is to offset the indirect costs associated with wolf presence near livestock, including but not limited to impacts on fertility rates (i.e., “open rates”), lower weight gains in livestock species (e.g., cattle, sheep) leading to a reduction in market value, and related labor costs which may be difficult to quantify using current metrics and valuation methods.

The program is intended to provide an accessible, expedient compensation framework that addresses livestock producer concerns about Washington’s current indirect compensation programs and supports the state’s commitment to wolf recovery.

**Program Details:** The following are details of the proposed tiered P4P Program.

- **Affected Area:** The P4P CTG proposes the P4P model begin as a **pilot program** in Northeast (Ferry, Stevens, Pend Oreille, and Okanogan counties) and Southeast Washington (Walla Walla, Columbia, Garfield, and Asotin counties), and include cattle only. This would address potential funding constraints and focus resources on the areas currently experiencing the greatest number of livestock/wolf interactions. After the success of an initial pilot program is determined, the area/class of livestock could be appropriately expanded.
- **Program Application and Eligibility Requirements**

Cattle<sup>4</sup> producers would complete a simple qualifying application to WDFW showing they meet the following requirements:

1. The producer’s operation (i.e., the whole or majority of land owned and operated by the producer, or private pasture with a current lease agreement (written or verbal), or public land grazing allotment) is within the pilot area.

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<sup>44</sup> The pilot program limits eligibility to cattle producers. This may be expanded in the future to include sheep producers.

2. The producer owns a minimum of 20 head of livestock that are part of a for-profit livestock business.
  3. The producer's operation overlaps with a known wolf activity area.
  4. The producer actively uses non-lethal deterrents. The specific type of non-lethal deterrents considered most appropriate is not mandated by WDFW, but collaboratively determined by the producer and WDFW and documented in a standard non-lethal deterrents start-of-season checklist. In the absence of a current year's signed checklist, the previous year's signed checklist will remain in effect.
- *P4P Three-Tiered Program Structure*
    - Tier 1 = Pastures with **documented, consistent presence of wolves**
    - Tier 2 = Tier 1, **plus** have previous confirmed or probable loss(es) in the past 3 years
    - Tier 3 = Tier 2, plus experiencing losses in the current year —actively having losses (confirmed or probable losses due to wolves are compensated through the direct loss program)

Livestock Producers would be compensated an amount determined by the tier that applies to their situation, with increased amounts provided to those in higher tiers. If a producer advances tiers, provide a second payment at the end of the season/end of year to reflect increased indirect costs.

- *Payment Base Rate:* The three-tiered P4P model would include a payment base rate per head associated with wolf presence. The total indirect compensation through the P4P model would be based on the number of livestock a producer grazes each year, as reported to the WDFW Wildlife Conflict Specialist.
- *Direct Loss:* If direct loss is experienced, the payment base rate would increase to account for non-consumptive effects and the probability that missing animals could be attributed to wolves. A depredation investigation<sup>5</sup> with either a “probable” or “confirmed” determination would be required to qualify for the higher payment rate.
- *Non-lethal Deterrents:* The use of non-lethal deterrents would be required for P4P compensation. Non-lethal deterrents would be consistent with the wolf-livestock protocol, collaboratively agreed upon by the producer and WDFW, and documented in a signed, pre-season checklist. Additional non-lethal deterrents may be needed if and when a producer moves to the next higher tier.
- *Documentation for estimating fair market value (FMV):* FMV would apply to both P4P indirect losses, as well as “standard” direct loss compensation. Fair market value will adjust with inflation and be determined based on producer receipts. Higher than FMV

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<sup>5</sup> Affected producers expressed concern about the depredation investigation process, and emphasized the need for attention to this topic.

animals are able to be compensated based on the highest value for sex and age class of the breed at time of desired sale, with appropriate documentation, provided by receipts of past or comparable sales.

**Cost Assumptions and Estimate:**

- *Assumptions*

1. Total number of beef cattle reported in 2022 ag census (37,504 head) are grazed within the pilot area (reporting is based on location of home place, not necessarily location of grazing)
2. The average number of head per producer within the pilot area is 127
3. Average weight of weaned calf at time of sale is 590 pounds
4. Cattle sold are shipped/delivered between September and February
5. Average sale price of weaned calf is \$1,746<sup>6</sup>
6. Total program cost estimate assumes every eligible producer applies for the program

**Estimated P4P Cost – First Pilot Year**

Using calculations from the Subtask Group’s model, the following are the per head values proposed in the P4P Pilot proposal. These costs are conservative (intentionally high) estimates. Cost estimates will likely increase over time as wolf presence and the program expands.

Tier 1. Payment Base Rate =  $\$119.89 / \$1,746 = 6.9\%$  FMV (@4:1 missing rate)

Tier 2. Payment Rate =  $\$349.16 / \$1,746 = 20.0\%$  FMV

Tier 3. Payment Rate =  $\$428.35 / \$1,746 = 24.5\%$  FMV

The estimated cost for the first pilot year:

Tier 1. \$3.11 million

Tier 2. \$1.60 million

Tier 3. \$830 Thousand

**Total = \$5.54 million**

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<sup>6</sup> Would need to update this number annually to reflect the current cattle market.