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GRAZING FEES

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HEARING

BEFORE THE

SUBCOMMITTEE ON THE ENVIRONMENT
AND LAND RESOURCES

OF THE

COMMITTEE ON
INTERIOR AND INSULAR AFFAIRS

UNITED STATES SENATE

NINETY-FOURTH CONGRESS

SECOND SESSION

ON

S. 3071

A BILL TO PROVIDE FOR DETERMINATION OF
GRAZING FEES

APRIL 30, 1976



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Committee on Interior and Insular Affairs

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GRAZING FEES

FRIDAY, APRIL 30, 1976

U.S. SENATE,
SUBCOMMITTEE ON THE ENVIRONMENT
AND LAND RESOURCES,
OF THE COMMITTEE ON INTERIOR AND INSULAR AFFAIRS,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10 a.m., in room 3110 Dirksen Office Building, Hon. Floyd K. Haskell presiding.

Present: Senators Haskell, Hansen, and McClure.

Also present: Thomas B. Williams, professional staff member.

OPENING STATEMENT OF HON. FLOYD K. HASKELL, A U.S. SENATOR FROM THE STATE OF COLORADO

Senator HASKELL. The hearing will come to order.

The purpose of these hearings this morning is to receive testimony on S. 3071—a bill to provide for determination of grazing fees.

As all of you know, the grazing fee issue has a very long and complicated administrative and legislative history. Especially within the past 10 to 15 years, however, interest in statutorily establishing a new fee formula has been growing. These hearings today represent another sign of that interest and concern.

As the subcommittee receives testimony on this matter today, I think that there are two overriding concerns which must be kept firmly in mind. First, any grazing fee formula that is ultimately implemented must be fair and equitable to both the public and users. Second, in order to be fair and equitable, any grazing fee system must ultimately rest on a set of defensible and valid assumptions regarding an entire range of factors.

Obviously this is a very difficult assignment for the Congress and the administrative agencies involved. However, as chairman of this subcommittee, I am prepared to do whatever I can to insure the implementation of a rational and equitable grazing fee structure.

At this point I will have inserted in the record the text of S. 3071 and departmental reports. I also have a statement from Senator McGovern which will also be included in the record at this point.

[The text of S. 3071, report from OMB, and a statement from Senator McGovern follow:]

94TH CONGRESS
2D SESSION

S. 3071

IN THE SENATE OF THE UNITED STATES

MARCH 3, 1976

Mr. HANSEN introduced the following bill; which was read twice and referred to the Committee on Interior and Insular Affairs

A BILL

To provide for determination of grazing fees.

1 *Be it enacted by the Senate and House of Representa*
2 *tives of the United States of America in Congress assembled,*

3 SECTION 1. Notwithstanding any other provision of law
4 and except where a smaller fee is necessary to meet the ob-
5 jectives of other federally sponsored programs and except
6 where the cost of collection of the fee would exceed the
7 amount collected, the Secretary, with respect to the commer-
8 cial grazing of domestic livestock on the public lands under
9 the Taylor Grazing Act (43 U.S.C. 315) and the Act of
10 August 28, 1937 (43 U.S.C. 1181a-1181j), and the Secre-
11 tary of Agriculture, with respect to the commercial grazing
12 of livestock on lands within the national forest system shall

1 charge an annual fee per animal unit month for such grazing
2 which shall be computed for group I land by multiplying
3 \$1.70 by the beef price index minus the cost-of-production
4 index plus one hundred, and for group II land, by multiply-
5 ing \$1.40 by the beef price index minus the cost-of-produc-
6 tion index plus one hundred, where:

7 (a) Lands will be designated as group I land or group
8 II land as determined by the district manager in the case
9 of the Bureau of Land Management, and the forest super-
10 visor in the case of the Forest Service, using the immediate
11 preceding year or the most recent range survey to determine
12 the amount of forage required for one animal unit month.

13 (1) Group I land shall be that which requires less than
14 eleven acres to provide sufficient forage for an animal unit
15 month.

16 (2) Group II land shall be that which requires eleven
17 acres or more to provide sufficient forage for one animal unit
18 month.

19 (3) The land classifications described in paragraphs
20 (1) and (2) shall be carried to the district or forest unit
21 level. Existing allotment management plans shall be classi-
22 fied as group I land or group II land. All future allotment
23 management plans shall be classified as group I land or
24 group II land.

1 (b) The beef price is the price reported to the Statisti-
2 cal Reporting Service, United States Department of Agri-
3 culture, representing average prices received for beef cattle.

4 (c) The beef price index for any fee year is computed
5 by dividing the simple average of the beef prices for the
6 preceding three years by the simple average of the base
7 years 1964 through 1968.

8 (d) The cost-of-production index is an index of prices
9 paid by farmers for commodities and services, interest, taxes,
10 and farm wages as collected and published by Statistical
11 Reporting Service, in Agricultural Prices, United States
12 Department of Agriculture.

13 (e) The cost-of-production index for any fee year is
14 computed by adding the cost-of-production index for each
15 of the three preceding years and dividing by three.

16 (f) The term "animal unit month of grazing" as used
17 in this section means the forage required by the grazing of
18 one cow and calf or its equivalent for a period of one month.
19 One cow shall, for the purpose of this definition, be con-
20 sidered the equivalent of one horse or five sheep or goats.

21 (g) Such fees shall consist of a grazing fee for the use
22 of the range, and a range-improvement fee which, when
23 appropriated by the Congress, shall be available until ex-

1 pended solely for the construction, purchase, or maintenance
2 of range improvements.

3 (h) Such fees shall be shared with the States in the
4 same way such fees are presently shared under section 315
5 (i) of title 43, United States Code.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

April 30, 1976

Honorable Henry M. Jackson
Chairman, Committee on Interior
and Insular Affairs
United States Senate
3106 New Senate Office Building
Washington, D.C. 20510

Dear Mr. Chairman:

This is in response to your request of March 17, 1976, for the views of the Office of Management and Budget on S. 3071, a bill "To provide for determination of grazing fees."

The Office of Management and Budget concurs in the views of the Department of the Interior in its testimony on this legislation, and accordingly, we oppose the enactment of S. 3071.

Sincerely yours,

James M. Frey
James M. Frey
Assistant Director for
Legislative Reference

STATEMENT OF HON. GEORGE MCGOVERN, A U.S. SENATOR FROM THE STATE OF SOUTH DAKOTA

Mr. Chairman, I appreciate this opportunity to express my support for S. 3071, a bill to provide for the determination of grazing fees and public land.

First, I want to thank my distinguished colleague from Wyoming, Senator Hansen, for his tireless efforts on behalf of cattle producers in the Northern Great Plains. His leadership on this issue has been instrumental in legislating prudent grazing fee policy.

Now, the time for change has come. Senator Hansen's bill, which I am proud to cosponsor, reflects this need and provides a new formula which will meet the requirements of our nation's livestock producers as well as the public lands which they lease. This bill establishes grazing fees on the basis of the type of land leased, the cost of production, and the beef price index.

Dozens of my constituents have written me on this issue and a common theme is evident. Realistic grazing fees, based on the cost of production and the beef price index, are essential to the welfare of those small ranchers who depend on public lands for their economic survival.

I would like to quote parts of two letters I have received which illustrate this point.

From Mr. DuWayne Slathaug, Director of the Ft. Pierre National Grasslands: "We members of the Central South Dakota Grazing District certainly favor going back to the price of cattle . . . Many operators on national grasslands are so small they would be unable to continue without the permit. (Already) there are several owners wanting and trying to sell out. In our association about one-fifth of the ranches were up for sale this spring. I think they can see the handwriting on the wall."

Another letter, from Mr. Ingebert G. Faushe, states,

"As you well know, cattle producers on public lands in South Dakota are among the rural poor. As I recall, producers on the sub-marginal lands, now called by the Forest Service "National Grasslands," average about eighty head of cattle per family and the Black Hills National Forest, about thirty head per family. There are some large operators, but they are few. On the Grasslands, the maximum limit has been and still is two hundred and fifty head of livestock per family. Grazing fees are levied by the Forest Service on the basis of the so-called "Fair Market Value," which does not consider the price of livestock marketed, the cost of production, or the ability to pay.

"Now, concerning the "Grasslands" themselves, they are a legacy of the Roosevelt Administration. They are the sub-marginal lands purchased in the 1930s under the Bankhead-Jones Act for the purpose of conservation of the land and the rehabilitation of the people dependent upon them. In my opinion, the program, up until now, has been good and in general successful. The lands are not contiguous, as many suppose, but are a series of checkerboarded and isolated tracts, which when combined with the privately owned lands through an exchange of use, have been made into usable pastures. The forage produced on government owned lands would probably not by itself command a great market value due to the pattern of ownership. Likewise, the private lands are only usable for grazing in conjunction with the federal lands, or as a partnership, so to speak. If now the federal government, as the senior partner chooses to exploit its ownership to the detriment of all the junior partners, the program will come to a tragic end."

These two letters clearly demonstrate the need for the federal government to be responsive to the economic realities experienced by these cattle producers. If we choose to ignore these realities by continuing the present system, we shall cast aside the lessons of the past forty years.

The primary purpose of leasing land to cattle producers is not to provide revenue for the federal coffers. It is to protect and rehabilitate marginal land for the benefit of all. The elimination of this purpose through prohibitive fees would be a tragic mistake.

Again, I appreciate this opportunity to share my views with the committee and hope that you will look favorably on this needed legislation.

Senator HASKELL. I will ask Senator Hansen if he has a statement to make at this time.

STATEMENT OF HON. CLIFFORD P. HANSEN, A U.S. SENATOR FROM
THE STATE OF WYOMING

Senator HANSEN. Mr. Chairman, I am pleased to welcome, along with the distinguished chairman of this subcommittee Senator Haskell, all of you to the hearing this morning.

I thank you for coming to share with the subcommittee the observations about the Government's charges for use of the public lands for livestock grazing.

When the Government takes actions which directly affect the livelihood of citizens and indirectly affect the communities where they live, as in the case of the grazing fee increase, there should be an opportunity to talk about it. This hearing will give us that opportunity.

We will be discussing a bill I have introduced to devise the formula for determining the grazing fees so the economic staffs of the livestock industry would be considered. There is no doubt the industry is still economically depressed, that it has been these past couple of years. The cost of agricultural production has gone up some 25 percent since 1973 but the selling price of cattle is down in that period of time 20 percent. You cannot sell them for less than it costs to produce them for very long. So the recent increase in fees for grazing on public lands comes at a bad time and will hurt most of those smaller and the marginal operators in the West who require access to the public range in order to maintain an economic operation.

It has been estimated the recent grazing fee increase will cost western livestock producers more than \$5 million annually. S. 3071 would change the current grazing formula so fees would increase or decrease as livestock prices rose or fell. Fees would be computed by multiplying a base figure by the beef price index and subtracting the cost of production index plus 100. The same formula would apply for both cattle and sheep since the lamb price index has historically risen or declined in proportion to the beef price index.

The purpose of the bill is to apply a fee system that will insure a fair price for the use of the public lands without driving stockmen off the lands.

I look forward to hearing the views of the witnesses on this issue.

May I just add, Mr. Chairman, there are a number of things I hope will be brought out this morning. I am certain capital investment is one of them. It has been debated up and down, forward and back. One of the reasons, I understand, that the Government has objected to the inclusion of the capital that has been invested in grazing—in a grazing privilege—is that it might be presumed to imply a rate. I don't think any stockman would want to assert that, but nevertheless it is a fact that part of the cost of running on the public lands of the West has to include a reflection of what a grazing permit is worth.

All it means is in order to have the grazing privilege waived by the Forest Service, or by the BLM, from one rancher to another is that it usually takes some extra money to get the job done.

In most cases either land or livestock or both have to be transferred. But it is a fact of life. I think if we could dispel the idea that we are trying to get in the back door to assert a preferential right and to have it recognized for what we believe it is, as a legitimate part of the cost of production, it might be helpful.

Let me point out also while we are updating the Taylor Grazing Act we passed the BLM Organic Act here in this body, and I suspect sooner or later that will become law. It is appropriate, it seems to me, to recall that one of the purposes of the Taylor Grazing Act when it became law was to stabilize the ranching industry in the West.

Had it not been for the implied assurance that was given by the Government of the United States that there would be available under certain conditions grazing on the publicly owned lands of the West, I think it is fair to say there are a number of operations—quite a significant number of operations that would not now be in existence had that implied assurance been given.

That is true for one very simple reason. It would not be economically feasible to try to run the sort of ranch operations that have come into being in the West had there not been the opportunity to graze either cattle or sheep or both on the public lands.

The cost of trying to raise livestock in many parts of the West were they required to be kept on a ranch the year around would rule it out as an economically feasible operation.

I mention that because I think sometimes we can get caught up in the mechanics of formulas and fail to look beyond the immediate to see what the effects of some of the changes could be. I think there is rather wide agreement on this point among most people. Most people believe it is important we maintain the family operations in the West.

I know as we have discussed the strip-mining bills one of the real concerns expressed not only by ranchers but by environmentalists as well was what can we do to see that these people stay in business. Most of us in this country agree we would not want to have a change occur which would result in a wide shift of land ownership away from family type operations and into some type of corporate holding.

I make that point now because that was one of the important concerns, one of the objectives that I think was foremost or at least among the important considerations when the Taylor Grazing Act was passed.

Mr. Chairman, we have a number of witnesses. I am sure they can articulate these concerns better than I can. I want to thank you for your courtesy.

I want to say to the witnesses here this morning that when I proposed to add this grazing fee formula to the BLM Organic Act from the floor of the Senate my good friend and the distinguished chairman of the subcommittee in opposing the addition of that amendment then offered, said he would be very happy to call hearings at an early date. He is a man of his word. We don't always agree on everything, but I can say to you when he tells you something will be done the chairman of this subcommittee is the sort of guy that will see it done. And I thank you very much for doing what I have known you always to do since you have been back here.

Senator HASKELL. Thank you very much, Senator. Indeed, this will be an interesting hearing, and it is important subject matter. We are very fortunate to have as our first witness the Honorable Pete Domenici, a U.S. Senator from New Mexico.

Senator DOMENICI. I have with me Darla West of my staff, Mr. Chairman.

Senator HASKELL. We are very pleased to have you.

STATEMENT OF HON. PETE V. DOMENICI, A U.S. SENATOR FROM
THE STATE OF NEW MEXICO

Senator DOMENICI. Mr. Chairman, I first want to also thank you for conducting these hearings today. I know that we have many other things to do and this is not the easiest day to conduct a hearing with the Senate out of session. But I commend you for your genuine interest.

I, too, recall your statement on the floor. I do hope some of the questions you raised that day which I honestly think were well taken can be thoroughly examined, and I do hope these hearings will give you and the committee the kind of information that you will need to pass judgment on this very vital piece of legislation.

I commend the Senator from Wyoming for introducing the legislation and for being present here today to hear the technical testimony that you will hear. Mine, Mr. Chairman, will not be extremely technical, but I believe, to put the situation into perspective, that I ought to summarize in a little detail what the livestock industry means to the Nation.

The bill that is before you I believe will provide the needed stability that the cattle industry so much yearns for by establishing a fee formula that is related to the marketplace in a very realistic way.

A healthy livestock industry is necessary to the welfare of our Nation and to my own State. And certainly to the 11 Western States. The range livestock industry is an important segment of our economy, and it is one of the most significant industries in the State of New Mexico.

It is important, I believe, Mr. Chairman, to consider the economic benefits the western range livestock industry has on the 11 coterminous, natural resource States as well as on the Nation as a whole. In a report by the Task Force for Agricultural Science and Technology entitled "Livestock Grazing on Federal Lands in the 11 Western States," it was pointed out that gross receipts from the sale of livestock represent new money brought into the local economy. This money is respent several times within the community which expands economic values far beyond the original amount. The multiplier effect of new money at the local level has been estimated conservatively at 2.25 or 2.2. If one uses a gross production value of \$10 per animal-unit-month for cattle, the contribution to the local economy per animal-unit-month grazed on Federal lands would be \$22.50 for cattle and \$15.75 for sheep.

Almost half the land in the 11 Western States is federally owned. In New Mexico, 85 percent of the Federal land is administered by the Forest Service and the Bureau of Land Management. New Mexico, like other Western States, requires an interdependency within a given range livestock enterprise of private, Federal, and State lands.

The private landholdings of many ranch units cannot supply the necessary forage for all seasons of the year, and they must combine grazing on public land with grazing on private land to obtain a year-long supply of feed.

The conversion of this type of resource into food and fiber is a very low user of energy. The energy required from fossil fuels and electricity to produce beef cattle and sheep is less on the range than anywhere else. Cattle ranches in New Mexico used approximately 4

gallons of gasoline and 62 kilowatt-hours of electricity to produce 100 pounds of beef on the hoof in 1972. It is estimated that if range cattle production were shifted from grazing to feeding of alfalfa hay, fossil fuel requirements would double, and the electrical energy requirements would increase about 50 percent.

Mr. Chairman, an increase in demand for U.S. grains has resulted from droughts, crop failure, increased affluence, and expanding populations. It is believed this situation will continue and that grains will become increasingly limited and higher priced. The result of this will be an increased reliance on forages from rangelands for meat and wool production. This will require stability and tenure for the ranchers with grazing privileges on the national resource lands.

Under present law, the establishment of grazing fees on Federal lands is left to administrative determination. In recent years, there have been many sharp increases of these fees. Many of these have come when the economic conditions of the livestock industry are at their worse. The rancher in the West is confronted with an uncertain situation in a matter that is of fundamental economic importance to his operations. By establishing a formula governing the fixing of fees for grazing rather than by administrative fiat, much of this uncertainty facing our western stockmen would be eliminated. Especially, Mr. Chairman, if that formula was related to items or qualities about the marketplace that are more directly related to whether or not they could afford—whether or not they can continue in a viable kind of business.

I want to stress this paragraph, Mr. Chairman. No responsible livestock operator expects to use the national resource lands free of charge. In fact, I might say to the chairman and my good friend from Wyoming, that by the time you are finished hearing the experts on the formula I am sure you will be convinced that they do not come before this committee with a formula that will reduce the charges for the use of the national resource, but rather could cause the fee to go up considerably. But they will be related to the marketplace in a way that it has not been existent before.

The amount they pay for this resource should bear a reasonable relationship to the value of that use. This bill in my opinion accomplishes this goal by revising the formula to take into account the cost of livestock production and the price received for meat animals by using the beef price index and the cost of production index.

I believe there will be testimony presented on this formula by experts later on, so I will not dwell on this.

However, I would like to say rangeland is widely diverse. I think, Mr. Chairman, Senator Hansen and others talked about this on the floor when the amendment was presented. Rangeland is widely diverse and there are many types of soil and vegetation. This was pointed out by the Public Land Law Review Commission in their report when they stated it is unrealistic to charge the same fee without consideration of variances in operating and economic situations or differences in the quality of public rangeland and forage yield.

The fallacy of the uniform, universal fee approach is even more evident if the fee schedule is truly designed to achieve comparability with private charges which vary from locality to locality.

I do believe the committee will hear testimony as to the true irrelevancy of the goal which appears to make the fee schedule comparable to private land grazing fees. I think this is an interesting question, and I think you will find this is not a truly fair goal to have. And in many instances, that it is not even relevant to the kind of land, the kind of forage that is on the Federal land for which our people want to pay a fee for use.

Forage in an arid or semiarid area is simply not worth as much as forage in a humid area of lush vegetation. This fact should be recognized and the fee schedule should be varied accordingly.

Mr. Chairman, that last sentence is a quote from the Public Land and Law Review Commission report of 1970, and I failed to indicate that as a quote.

Mr. Chairman, this bill would allow market and other conditions to be taken into consideration. I repeat it does not mean our cattlemen will pay less than they are today. Indeed, they support this, as I understand it, with the full understanding their fees may be increased substantially and certainly with time would be appreciably increased over what they are today.

But this bill will make allowances for differences in the value of forage to be consumed. And I think any approach by our U.S. Government that does not take into consideration the statement of the Public Land Law Review Commission that there are enormous differences in the true value of the Federal domain to the user would be a step backwards.

That is why I think the present administrative pricing is indeed unfair, and will cause a sharp decline in the production of beef in the usual manner in the 11 Western States. And I have attempted to show the committee that this has grave economic significance in the field of energy and for our people generally with reference to this very valuable nutrient.

I thank the chairman and my good friends from Wyoming and Idaho for providing me an opportunity to appear this morning.

Senator HASKELL. Thank you, Senator, for appearing this morning. I won't ask any details on the formula, we have experts who will follow you, but I will ask you if you share this general view, which happens to be my view, that we want to charge to the extent that it is humanly possible the same, no more or no less, for forage on the public domain that an individual stockman would have to pay for rented comparable forage. We don't want to give them an advantage or disadvantage over the stockman who has to rent private land or perhaps owns it.

Would you agree this is the objective to be achieved?

Senator DOMENICI. Mr. Chairman, I basically would have no argument with it being the goal. I think, however, the way we are trying to reach that goal presently is not going to get us there, but as a matter of fact is just laden with discrimination in terms of realistic assessment of comparable land. There is nothing in the present administration to set prices, other than to say we want to charge the same as private land would be worth.

But then there isn't any ability to relate this private land charge to the kind of forage and the kind of land our people are renting from the Federal Government. The challenge to the committee is to estab-

lish a reasonable fee formula—I don't think you will ever find the perfect one, Mr. Chairman. We cannot go out and find 2,000 acres that are private and say now here are 350,000 federally owned that is identical. We cannot relate them.

I don't think you are ever going to find a situation under the present administrative prices that is going to take into account, for instance, that there is an inherent value in this land they lease aside and apart from the forage. Yet people pay a high private license or rental for that and that is not related to its ability to graze, but there is a market-place because of other incidentals. It appears to me that to set the price of land is better met by this formula than what we are presently doing.

If we are looking for the goal you have described.

Senator HASKELL. We do, at least, agree on the long range; goal. And now the question is how do we achieve it? In your view and obviously in the view of the distinguished Senator from Wyoming this formula does the job and we will just have to hear from the other witnesses and draw conclusions from that. I certainly thank you, Senator, for taking the time to appear.

Senator Hansen.

Senator HANSEN. Thank you, Mr. Chairman, and thank you Senator Domenici, for your very perceptive and to me persuasive statement. I think it is interesting and extremely useful that you have made the comparison between the pounds of beef or pounds of lamb that can be produced in terms of energy consumption on the public lands of the United States as contrasted with other ways in which meat can be produced.

Is it not true in your observation and in your opinion that absent the grazing of the public lands of the West most or much at least if not most of the grass in the forms that are produced in the West would not really contribute in any meaningful way to our system or a better way of life in this country unless we graze them by cattle or sheep?

Senator DOMENICI. Senator Hansen, I think you make a very good point. Frequently it is overlooked because abuses of its use has become the focal point.

There is no question in my mind looking at my State that literally thousands and thousands of acres of land which are now grazed just would not be used for anything. Now if one believes that, it appears all we have to do is make sure that this reoccurring asset is well taken care of and then determine as a matter of policy what we ought to do with that vegetation which is indeed a source of fiber and nutrition.

I would conclude one of the most significant uses for it is precisely what it is used for now. Not being a historian obviously those lands that are grazable were grazed by wild kinds of animals that used that vegetation for their own sustenance.

We are fortunate as a people that we have converted that kind of use to a domestic animal that then becomes one of our chief sources of protein.

I conclude the answer is absolutely yes.

Senator HANSEN. One further question to my good friend from New Mexico. You were mayor of your State's largest city as I recall

before coming to the Senate. You point out in your testimony that the multiplier effect of the generation of new money by converting forage into beef or lamb is 2.25.

Would it be fair to assume Albuquerque is a better and more prosperous city today because of the presence of the grazing practice in the State of New Mexico? And would it likewise, that many, many small towns in your State, and indeed throughout of West, are better communities today because of the presence of ranch operations that graze cattle and sheep on the public lands?

Senator DOMENICI. The answer, Senator Hansen, is unequivocally yes. I would say the multiplier in economic development circles that is a rather good multiplier. I have had a bit of experience in going out and attracting brand new economic vitality by way of new jobs. You know the effort and thrust and money and competition by communities to get that multiplier.

And I would add to that sometimes we don't know what we have in our midst. This is exactly the same kind of thing we are now seeking from the outside for many of our small communities.

Also, Senator Hansen, visit a medium-sized community in a cattle-growing area when that industry is down, it takes a few months, but all of the businesses are affected, not just the people who sell directly or deal directly with the cattlemen. It is a very integrated expenditure of funds and has a very vibrant kind of impact upon the community.

Senator HANSEN. Is the presence of this activity important as a contributing factor to a better, more stable tax base? I am thinking of schools, county government in New Mexico.

Senator DOMENICI. Mr. Chairman and Senator Hansen, when you consider the development of our communities take place even with public domain land around it that is not taxed, if you would take away the economic sustenance that comes from the cattlemen that contribute to the economy, I don't think there would be a great deal left upon which to build a base.

So I am saying this part of the economy makes up for the lack of ad valorem taxes to some extent. Some say not sufficiently, but some say to some extent, without which we would have a rather tough time in many medium-sized communities in my State, and I assume in everyone that has a third or more of its land in public domain land.

Senator HANSEN. Thank you.

Senator HASKELL. Senator McClure.

Senator McCLURE. I think those of us who have worked with you, Pete, have come to the conclusion you are always bringing a rather unique perception to the problems that confront us. And I think your statement this morning is no exception to that rule. I am very much impressed the way you tied together some of the disparate elements of the considerations we must bring to this problem. And I very much appreciate the statement.

A couple of questions I would like to explore a little further. One is the distinction or the difference between grazing on public lands and private lands. I recall one area in my State, and of course I am more familiar with Idaho than I am New Mexico, where the hunters move into an area they do so almost completely over roads that are developed and maintained by stockmen. If there were no ranching

operations in the area, there would be no roads for hunters and fishermen. I assume that may be true also in your State.

Senator DOMENICI. Absolutely.

Senator McCLURE. That is a very real value to all of the population of the area, not just those who happen to be in the livestock industry.

Senator DOMENICI. There is no question about that. That raises the issue there is a distinct difference between the way private lands are maintained, the fencing, the roads system and the like, which stockmen are required to maintain on the one hand or prohibited from doing on the other hand. And that has a significant impact upon their use.

If it was singularly theirs with no other public interest, they would manage the quality of improvements and uses differently. I am not arguing with the Federal Government wanting it to be multiuse, but how are you going to figure that impediment into a formula when you are trying to equate it with private land? You have to take it into consideration in some way.

Senator McCLURE. There is an area, one particular one near my home, where the deer season opens and the cattlemen who have the grazing allotment in that particular area move in and move all of their cattle out. Not because of what you might ordinarily assume—he is going to get them shot—but because there is a very steep area and the cattle are in the roads quite a little, and the hunters moving up and down the roads run the cattle miles away, and they run off the game they have had all summer.

I don't think that happens in the same degree or in the same way on private lands—another reason why it is very difficult to make the comparison between public and private land values.

I notice the formula that is in the bill relates to the cost of production and beef prices. There have been other suggestions made that it also, or perhaps instead of, should be related to the amount of gain rather than the grazing as such. Measure the gain in the beef animals. Much private land is leased on that basis.

I think you mentioned earlier there is no formula that is perfect. I don't mean to criticize this one. It just seems to me again that seems a groping for a better system than we are using, that puts it on a different base.

Senator DOMENICI. Senator McClure, obviously if there were some way to measure that and do it without it being an administrative nightmare, I think that is what we are all talking about when we talk about disparity in the kind of lands that are being used and rented from the Federal Government. We are talking about the fact, not just because we want to talk about something dry and something lush, but that is directly related to what gain you are going to get from the permit or the use.

Senator McCLURE. There is no truth in that rumor that I have heard, the cattle down in some of your areas and in Arizona have genetically developed into very wide mouths so they can graze at 20 miles an hour. [Laughter.]

Senator DOMENICI. Seeing the kind of land after covering some parts to get a few blades of grass I think they probably move quite rapidly.

Senator McCLURE. That is only facetious, but I do know it relates to the amount of gain you will get from an animal. And that, after all,

is what the beef cattle operator sells—is the amount of meat produced from those units.

I very much appreciate your testimony. There are other items I think we can bring up as well. The restoration does enhance the growth of forage and various vegetation on the public lands, and the increase does enhance the ability to sustain not only the commercial stock but the domestic wildlife.

I am reminded again of the story of the fellow who was showing a friend of his a very beautiful garden. And the friend remarked "The Lord has done a marvelous job, hasn't He?" And he said, "Well, don't give the Lord all the credit. You should have seen it last year when He had it all by Himself."

So occasionally we can enhance the conditions and I appreciate very much what you have said in your testimony.

Senator DOMENICI. Thank you, Senator, and thank you, Mr. Chairman.

Senator HASKELL. Thank you very much, Senator, indeed.

Now we have Hon. Jack Horton, Assistant Secretary for Land and Water Resources of the Department of the Interior, accompanied by Mr. Paul Vander Myde, Deputy Assistant Secretary, the Forest Service; Chief McGuire, the Forest Service; Mr. Curt Burklund, Director of the BLM.

Gentlemen, it is a pleasure always to have you here. Mr. Secretary, proceed.

STATEMENT OF HON. JACK O. HORTON, ASSISTANT SECRETARY FOR LAND AND WATER RESOURCES, DEPARTMENT OF THE INTERIOR, ACCOMPANIED BY PAUL VANDER MYDE, DEPUTY ASSISTANT SECRETARY, FOREST SERVICE; JOHN MCGUIRE, CHIEF, FOREST SERVICE; AND CURT BURKLUND, DIRECTOR, BUREAU OF LAND MANAGEMENT

Mr. HORTON. Thank you very much, Mr. Chairman. We join with Senator Domenici in congratulating you and the subcommittee in holding hearings on a subject matter which is truly a matter of growing concern and importance to this country.

The four of us here, Mr. Chairman, appreciate the opportunity to testify on S. 3071.

This bill would prescribe a procedure for determination of fees for commercial grazing of domestic livestock on public lands under the Taylor Grazing Act and the act of August 28, 1937, known as the O. & C. Act and on National Forest System lands. The prescribed fee would have to be charged except where a smaller fee is necessary to meet objectives of other federally sponsored programs and except where cost of fee collection would exceed the amount collected. For purposes of computing fees, lands would be divided into two categories, group I and group II, as determined by BLM's district manager with respect to BLM lands, using the most recent range survey to determine the amount of forage required for 1 animal-unit-month. Group I lands are those that require less than 11 acres for 1 AUM and group II lands are those that require 11 acres or more. Allotment

management plans would have to be classified as group I or group II. The base fee would be \$1.70 for group I lands and \$1.40 for group II lands, and annual adjustments would be made based on a formula utilizing a combined index taking into consideration beef prices and cost of production.

The fee would consist of a grazing fee for the use of the range and a range improvement fee and the fees would be shared with the States in the same way fees are presently shared under the Taylor Grazing Act.

The grazing fee computation procedure that is being proposed by S. 3071 would replace the present grazing fee schedule calculations that are applied in accordance with regulations promulgated by the Secretaries of Agriculture and the Interior.

The present fee schedule was jointly developed in 1968 by the Departments of Agriculture and the Interior after extensive study and public participation. The study was premised on Government policies directing that charges (fees) for use of federally owned resources represent fair market value. Fair market value was determined from the analysis of data from 10,000 individual interviews with ranchers about the respective costs, including private lease rates, involved in conducting livestock grazing operations under private land leases and under public land permits. Fair market value was considered to be that amount which equalizes the total costs of grazing livestock on public lands with the total costs of grazing livestock on private leased lands. Thus the present formula results in a fair market value per AUM of grazing on the public land that is less than the price charged for private forage. This is in recognition of the fact that the stock-raiser frequently incurs additional nonfee costs in using the public lands that he is not required to bear when leasing private forage.

The study determined that \$1.23 per animal unit month represented fair market value for grazing Federal lands in 1966. However, in 1966, the average actual fee being paid for grazing public lands and national forest land in the 11 Western States was 33 cents and 51 cents, respectively. In recognition of the wide spread between actual fees and the computed fair market value fee, an incremental schedule calling for a 10-year phase-in was developed with the objective of bringing existing grazing fees up to fair market value by 1978—later extended to 1980.

The 1966 base fee is also adjusted annually by an index of private grazing land lease rates to maintain comparability with current fair market value, which is now \$1.94. The index consists of an analysis of the rental rates livestock owners are willing to pay in the 11 Western States for the use of privately owned rangeland.

For the present, until a new formula is adopted, we plan to continue to utilize the existing fee formula and schedule. However, the Government is aware the many livestock grazing permittees continue to express strong dissatisfaction with it. Many permittees profess that the range forage index is inaccurate and unworkable. In light of these many criticisms, and of the various formulas devised to replace the present system, the administration is now seriously examining several alternatives to be completed well in advance of next year's grazing season. In this process, we are reviewing the specific features of the

present system that are alleged to be inequitable, as well as the use of a combined index in a manner similar to that proposed in S. 3071 and other potential factors which might make the fee schedule more sensitive to economic conditions, or provide a mechanism for relief in times of severe economic hardships. Until this analysis has been completed, and the findings analyzed, we cannot recommend approval of any alternative formula or procedure, and for this reason we do not recommend enactment of the bill.

The procedure outlined in S. 3071 involves establishment of two levels of grazing fees based on the number of acres required for one animal unit month does not conform to current criteria for arriving at fair market value rates for use of Federal range resources. Under the present fee computation procedure, fair market value for the current year 1976 is \$1.94 per animal unit month (AUM). In comparison, the mathematical relationships contained in the bill would develop a fee of \$1.79 per AUM for group II lands, for the current year.

The variable fee hypothesis suggests that the value of native rangelands for livestock grazing is directly related to the density of desirable vegetation. If rangelands had no other characteristics, this hypothesis might be a reasonable assumption. However, these rangelands have many features and conditions, some constant and some changeable, that affect their economic value to the individual stockman.

It has been suggested that an inequity is created when the same charge is made for grazing on high productivity land as for low productivity land. However, the unit of measurement for public land grazing is an animal unit month and not an acre of land. The 1966 Interagency Western Livestock Grazing Survey exhaustively considered the variable fee theory and the analysis concluded that differences between areas and between seasons of use are not statistically significant. There is no analysis available that we know of to support using 11 acres per AUM as the proper economic value point for dividing rangeland values. Further we know of no in-depth study or analysis to support using the \$1.70 for group I lands or \$1.40 for group II lands as a base fee. The definitions appear arbitrary.

I would add here, Mr. Chairman, that our analysis is incomplete but we are far enough along in this issue that we seriously recommend to the committee that you examine very closely the proposal to divide the lands up into group I and group II classes.

S. 3071 employs other concepts which raise questions deserving further study and analysis. For example, economic trends indicate that fees computed under S. 3071 will be markedly lower than those computed under the current formula in the years ahead. An apparent reason for the disparity results from the effect of the cost of production index as it is used in the formula. This index reflects prices paid by all U.S. farmers for commodities, services, interest, taxes, and wages and thus does not reflect the specific mix of production costs that is peculiarly characteristic of livestock ranching in the 11 Western States. Its effect, as projected through 1980 and under one set of assumptions, would be to pull grazing fees substantially below the current formula fee. Further, this effect coupled with the likelihood that a preponderance of Federal rangelands will fall within group II could arbitrarily lower the average fee collected.

S. 3071 also contains several provisions which could raise problems in administration. For example, there are questions as to how fees collected for grazing on O. & C. and Bankhead-Jones lands are to be distributed and used; the definition of "animal unit month"; and the impact of paragraph (g) on the use of grazing fees generated from public lands.

In addition to the problems I have enumerated, we are advised that the Department of Agriculture has additional concerns about S. 3071. The "notwithstanding any other provision of law" provision of S. 3071, coupled with paragraphs (g) and (h) would have the effect of amending by implication provisions of existing law specifically pertaining to the distribution of national forest system grazing receipts.

Further, paragraph (g) of the bill would authorize an unspecified portion of the computed fees to be set aside in a special account to be expended solely for the construction, purchase, or maintenance of range improvements.

The Department of Agriculture prefers that the present approach of obtaining Forest Service range management funds through the regular appropriations process be continued. We are advised that construction and maintenance of range improvements are only a part of the range management and betterment activities conducted by the Forest Service and that the earmarking of funds for only one part of the total job would have the effect of reducing the funding for the other parts.

In addition, paragraph (h) of the bill would have the effect of reducing the portion of national forest system grazing receipts that is now distributed to the States. Presently, 25 percent of such receipts are distributed. Under S. 3071, only 12½ percent of the receipts remaining after deducting the amount considered as a fee for range improvements would be distributed.

This completes our prepared remarks, and we will be happy to respond to your questions.

In sum, let me emphasize the administration is examining several formulas that could help the problem. The door and the minds of the administration are open. We are prepared to work very closely with you, the members and staff of the committee, and in cooperation and recognition of what has been a growing problem, and we are joined together as a panel to be as useful as possible to you this morning.

Senator HASKELL. Thank you, Mr. Secretary. Earlier, I said what I thought the objective of these hearings was; that is, to the extent practicable to charge a fee on Federal lands which would neither give the person grazing on public lands an advantage or a disadvantage over those people who have to get their forage on private lands. Would you agree with this goal?

Mr. HORTON. The principle is indisputable. The question is how you come up with a system to relate the value of private versus public grazing.

If I could use an example in your own State of say small valleys in the area of Carbondale, you have private grass, private grazing down along the stream bottom where there is either irrigation, high rainfall, easy access, good fencing and what not, but the grazing up in the White River National Forest could be 3,000 to 5,000 feet above.

It could take 3 days to get your cattle there, 3 days off. You have problems of access, fencing, water, and a number of other considerably less certain costs as far as managing your herd.

Senator HASKELL. I understand the variations. At least I think I understand some of them. Let me ask you this, Mr. Secretary. You say the Department—and I assume you are working with Chief McGuire, is that correct?

Mr. MCGUIRE. That is correct, Mr. Chairman.

Senator HASKELL. I assume you are working toward a formula which at least in your opinion is most desirable. Let me ask you this. I think one problem generally exists. I think when private individuals deal with governmental agencies and where the discretion is almost unlimited it leases the private individual somewhat at a disadvantage. Is it your intention, once you have arrived at what you think is a fair system, to send something up here so that it can be enacted into a statute, or do you intend to keep this merely in regulation form?

Mr. HORTON. Mr. Chairman, our present responsibilities, of course, are to be as fully responsive as we can to the intent of the subcommittee on this bill. What we have done is taken out for examination what seems to us to be the four or five most probable or seriously conceived alternatives to the system. There are obviously two ways of going. This is not a new issue as far as the presentation of an alternative formula for grazing fees.

If the Congress itself with our recommendations and input goes ahead and legislates a formula, when of course we would be totally responsive to that. In the past, since we have not seen legislative initiatives to reexamine the present system, we have gone ahead sort of on a parallel course of administration. And if the Congress does not take the necessary steps to change the present system, we will look at it within the administration.

So at the moment it is not particularly clear to me which one of these channels we might be going along.

Senator HASKELL. I have no doubt Senator Hansen and Senator McClure have their own ideas, but here Senator Hansen has put forth one suggestion for a formula and you have raised what appear to me to be some valid questions about it. On the other hand, I think in the interest of some degree of certainty by the livestock people I would hope the Department would send up a suggested formula or guidelines for a formula so that we have your suggested alternative rather than leaving the stockmen in a position of being dependent upon—I don't mean to say administrative whim, but I think you know what I mean.

I would hope, Mr. Secretary, you would do that when you complete your studies. Is that a reasonable request?

Mr. HORTON. That is very straightforward and reasonable. We will certainly do that if we come down on a decision on one point versus another. Our focus today was to be as helpful to you as possible on this one suggestion.

There are compromised positions between the existing formula and what we call the "Hansen-Santini" formula. If we are able to, we certainly will.

Senator HASKELL. I certainly hope so. I gather from your statement that you feel there was no analysis upon which the \$1.70 for group I lands and the \$1.40 for group II lands was based. Did I read you loud and clear?

Mr. HORTON. Yes. We went back to the professionals under Mr. Burklund and the chief forester who had been involved with the 1966 or 1968 examinations and they were unable to pin down any statistical foundation for justifying \$1.70 or \$1.40. We are not saying this economic justification doesn't exist. We simply could not find them.

Senator HASKELL. I note here that OMB Circular No. A-25, section 3B, the staff found this for me, says that charges are to be determined by the application of sound business management principles and so far as practical and feasible in accordance with comparable commercial practices. In your view does the proposed legislation conform with the principles so stated?

Mr. HORTON. It seems to me, Mr. Chairman, that would depend upon how you define sound business principles. It seems to me reasonably imminent in many communities you could make the argument the other way.

Senator HASKELL. How do you do it now? How do you charge for it now?

Mr. HORTON. It is now based on a formula determined by fair market value and a 10-year series of motions to reach fair market value by the year 1980.

Senator HASKELL. Then you said you had a study. How big a study was that? How long did it take? How much did it cost? Who did it?

Mr. HORTON. It was done by the U.S. Forest Service, the Bureau of Land Management and the Interior Department. I will ask, if I can, the chief forester, John McGuire.

John, you have had more experience in that one specific study.

Mr. MCGUIRE. Mr. Chairman, this was a large study. It cost about \$1 million. It was conducted in the latter half of the 1960's. Participants included the Statistical Reporting Service of the Department of Agriculture. I believe there were some university participants also.

The attempt was made to determine the actual cost of grazing on the public lands by interviews with ranchers and using other kinds of survey data. It was also attempted at the time to see if there were any statistically significant variations between different kinds of land. All possible variables that anyone could suggest were examined as to their statistical validity.

As a result of the study estimates were made of what the fair market value was at that time—in the case of the national forest I believe it was about \$1.23 per animal-unit-month.

Then a policy was adopted to reach fair market value over a 10-year period. At the same time the policy was adopted of adjusting for annual changes in accordance with changes in the index of private grazing land lease rates. This was a statistical index available annually from the Statistical Reporting Service.

So each year since then, with a few exceptions, there have been annual adjustments. First to take care of the incremental approach to the fair market value. And second to take into account the annual change in the private grazing plan lease rate index.

Senator HASKELL. I raised a question about 6 weeks ago or longer, with a group of both cattle and sheepmen, one of them pointed out that during the very bad times, this was about 18 months ago, when people were holding their livestock hoping for the market to increase, they leased everything in sight and drove the prices of private grazing land up. Now there is a lag and that is being reflected. If that is the

fact, it seems to me that is not fair. Can any of you comment on that? Was this man right or wrong? Is it something you are taking into consideration?

Mr. HORTON. It is our opinion and our information that that is a factor, and that is one reason why the present formula, the most difficult interconnective if you will, is the range index of the tie-in for the cost of public grass based on some derived relationships to the cost of private grass.

Mr. McGUIRE. I would agree with that too, Mr. Chairman. One of the problems, and the livestock industry has very well pointed this out to us, is that our formula reflects past history whereas the market deals in anticipations just as you described. Our difficulty is finding a way of making whatever formula we have more sensitive in the measurement of the market's anticipations of what is going to come in the future. That is the basic problem.

Senator HASKELL. In this bill there are two classes of lands established. In which class do you think the majority of Federal lands will fall?

Mr. HORTON. The preponderance would be in the second class. I will ask Director Burkland. Do you have specific figures between class I and class II?

Mr. BURKLUND. In BLM administered lands, Mr. Chairman, 70 percent are class II lands, 30 percent class I. The percentage will change for the Forest Service, but those are lands administered by the BLM.

Senator HASKELL. Seventy percent would fall in group II which has the lower base price.

Mr. BURKLUND. That is correct.

Senator HASKELL. Chief, will you comment?

Mr. McGUIRE. It would be about 40 percent class I, 60 percent class II.

Senator HASKELL. Do you have any idea now what the current charges are for grazing cattle in the West in the private sector?

Mr. HORTON. We have a table, Mr. Chairman, you might want to consider for the record. We have taken a running average of the 11 Western grazing States, Montana through California.

Senator HASKELL. I would like to take a look at it. It can be included in the record if there is no objection.

[The table follows:]

CASH RENTS IN 11 WESTERN STATES FOR PRIVATE LAND PASTURE GRAZING

State	Dollars per head per month		
	1973	1974	1975
Montana.....	4.82	6.87	7.03
Idaho.....	4.41	5.43	6.56
Wyoming.....	4.49	5.81	6.27
Colorado.....	5.11	5.51	5.71
New Mexico.....	4.10	4.41	4.94
Arizona.....	2.79	3.21	4.60
Utah.....	4.81	5.51	5.76
Nevada.....	4.36	5.41	5.62
Washington.....	3.91	5.36	6.04
Oregon.....	4.01	5.29	5.11
California.....	4.74	6.78	5.54
Weighted average forage value.....	4.57	5.82	5.75

Source: Farm Real Estate Market Development, July edition.

Mr. HORTON. I have broken it down for the last 3 years. In 1973 the private forage value was \$4.57 per animal-unit-month. In 1974 it was \$5.82, and in 1975 it was \$5.75.

Senator HASKELL. This is on lands within the jurisdiction of Interior, or this is private land?

Mr. HORTON. Private land.

Senator HASKELL. All right, gentlemen, I don't think I have any further questions at this time. I may have some following Senator Hansen and Senator McClure.

Senator Hansen.

Senator HANSEN. Thank you, Mr. Chairman.

First, let me thank you Mr. Secretary and your colleagues, Mr. Burklund and Mr. Turcott and Chief McGuire and Mr. Vander Myde for your presence here this morning.

I think we are getting into one of the areas that is of particular concern to the public range users of the West.

You have spoken about the Statistical Reporting Service, Chief McGuire. Let me ask you and the panel this: Who collects the field data? I think your response was that the SRS has done part of that. You said that universities and colleges had been participants as well.

Basically, are the groups that have gone out to secure the factual information the Statistical Reporting Service for the Government, aided by universities and colleges? Are there any others?

Mr. MCGUIRE. I think there are two things here, Senator. One is in the study I referred to in 1966 through 1969 or so. There were a number of participants there. The Statistical Reporting Service used questionnaires and interviews and such to try to get from the ranchers the basic data to arrive at the fair market value the additional cost of operating on Government lands.

For example, the universities—I don't recall the details, but they did participate in the analysis and commenting and criticism of the approach that was used to be sure.

Senator HANSEN. They studied the data then? That was more their role than to go out and seek the information; is that what you are saying?

Mr. MCGUIRE. I think in most cases that was the situation, although some of them may have collected some data as well in their particular States.

Mr. Burklund may recall more of the details.

Mr. BURKLUND. Utah State had the commission to analyze and prepare data for the Federal Government, and they collected the data as well as preparing the statistical information, Senator. And at that time the formula which was established was based on the information collected there and then analyzed by the Federal Government.

At that time it was established the fair market value on the public lands would have been \$1.23 as compared to what was determined at that time of \$3.65 in the private sector. Since that time the Federal Government has collected all of these statistics and we have applied that to the formula to bring it to the proposed fair market value of \$1.94 at the present time.

Senator HANSEN. In that Utah State University study, was there any recognition, as one of the factors to be considered in the computa-

tion of total cost of the use of public lands, the investment that is oftentimes represented in a range grazing permit?

Mr. BURKLUND. At the time the information was collected they did collect what was called the permit value, what people had paid for the permits they had acquired them by purchase. That information was considered in establishing the formula but it was rejected and was not used in establishing this formula.

Senator HANSEN. When you quoted those figures, the 1.23 versus the 3.65, did the value of the permit, or was the value of the permit reflected in that 1.23?

Mr. BURKLUND. No, sir. It has never been included.

Senator HANSEN. So you would all agree with the average stockman's contention that this should be a factor to be considered, and that this concept has been rejected by the Federal Government in the way it computes the fair market value?

Mr. BURKLUND. That is correct.

Senator HANSEN. I am wondering, has the Statistical Reporting Service gathered the data that is used? How many questionnaires have been sent out? To whom were these questionnaires addressed? Could you help in shedding a little light on that?

Mr. HORTON. We indicated, Senator Hansen, there were about 10,000 to whom they were addressed. The composition of the addresses, perhaps, the chief forester could tell you.

John, do you have a breakdown?

Mr. McGUIRE. The Statistical Reporting Service designs a sampling scheme, a cross section of different kinds of ranching operations and selects within those on some kind of statistical basis in order to arrive at a sampling area that is suitable for analysis.

I think there were about 14,000 questionnaires that were mailed out.

Senator HANSEN. What sort of response, percentagewise, would you have gotten on that Chief McGuire?

Mr. McGUIRE. I think they started with questionnaires and followed up with the interviews. So I believe they wound up with 14,000 samples.

Senator HANSEN. You do better than most agencies if you send out 14,000 questionnaires and get 14,000 responses.

Mr. McGUIRE. I think it was more than mailed out. I think they went to the ranch with the questionnaire in hand and talked to the rancher and filled it out. I may have misspoken when I implied they were simply mailed.

Senator HANSEN. Was this the same raw data that was used by the BLM in computing its figures?

Mr. BURKLUND. We received the information from SRS. We do not collect this information. We use their information in computing the fee.

Senator HANSEN. Let me ask you in a little more detail about the individuals to whom these questionnaires were mailed, and subsequently those persons who were actually interviewed.

When you were trying to arrive at a fair estimate of the comparable costs of grazing on private land, were these questionnaires sent to commercial cattle operators, and commercial sheep operators? By the term commercial I exclude purebred operators and hobby ranch operators. Right in my particular area of Wyoming the number of

oldtime ranchers, ranchers who are in the business to make a living from ranching has been a declining number. We have more people, a greater number of individuals, but many of the people own only one or two or five head of horses.

I can say from personal knowledge what they are willing to pay for an animal unit months grazing. There is no relationship at all to what someone trying to make a living from the cow or sheep business would pay.

What was your experience? Did this questionnaire exclude the hobby rancher, the purebred rancher, the dairyman, or were they included?

Mr. McGUIRE. The survey attempted to include——

Senator HANSEN. To exclude?

Mr. McGUIRE. To include. To include the entire population of ranchers of all kinds who use the public lands on permit. It did not exclude anyone, any kind of rancher.

Senator HANSEN. Maybe I stated my question poorly. I thought what you were doing was through this questionnaire was trying to get information on what the various users, or the various renters of privately-owned land were paying. It is that broad group, or composite group I ask you about now, when you sent this questionnaire.

Mr. McGUIRE. The questionnaire was primarily aimed at determining the cost of the rancher who was using the public lands. Now when we are getting at the private land lease rate that is a different proposition.

Senator HANSEN. That is what I am trying to ask about.

Mr. McGUIRE. In that case, the sample is aimed at looking at all the transactions and then taking a sample of all those transactions. Whoever leases the private lands for whatever purpose is in the general population being sampled.

Senator HANSEN. So it would have included the hobby rancher, the fellow with half a dozen horses or maybe two head, it would have included a purebred breeder, it would have included a dairyman. Am I right about that?

Mr. McGUIRE. It would have to be a bona fide rancher, Senator. But what I mean, I don't think it would include the hobbyist or the dairyman.

Senator HANSEN. You mean these persons were not asked what they had to pay to least privately owned land for grazing their dairy cattle or their horses? Is that what you are saying?

Mr. McGUIRE. I think that is right. Mr. Burklund may know more specifically. But I think the hobbyists were probably not counted in this population of private leasees.

Mr. BURKLUND. Senator, I cannot answer your question. I think you would have to have the SRS answer your questions on how they collected.

But I understand the sampling is very broad. It takes in all leases for grazing on the private sector. I think we would have to get those from SRS.

Senator HASKELL. It may be helpful to get on the SRS, whom I never heard of until just this minute, to get the type of information that Senator Hansen is looking for, what was the sampling. And we can make that a part of the hearing record.

Is that difficult to do?

Mr. McGUIRE. We will be glad to provide that, Mr. Chairman.

Senator HANSEN. Just a followup, Chief McGuire. I presume that sort of information could not be made available very quickly. Certainly not this morning. As I right about that?

Mr. McGUIRE. I am afraid it will take a couple of days.

Senator HANSEN. I think it is a very relevant part of the overall picture we are trying to develop. From what I had heard, and I don't have the factual information, Mr. Chairman—yes, Mr. Burklund?

Mr. BURKLUND. Senator, could I ask a question to clarify? The response John has is absolutely correct, but that was on the original analysis. I understood your question was today what are we using to update it? What information is going into the range forage index in order to arrive at a fair market value?

Senator HANSEN. Whether I made that clear or not I suspect will be revealed by those who read the record. But I did mean to focus on that now. That is what I think we are talking about.

If we included in that sampling of present day costs these other users of privately owned lands, I would make two observations. No. 1, most of them have a different operation. A man who runs a dairy herd would not be able to go out and round up the cattle in a certain part of the national forest or the BLM nor would someone who has five head of pleasure horses be able to use publicly owned lands that would be several miles away from his operation.

I think we have got to understand and to recognize if these kinds of users—these people who bid up rentals on privately owned lands—are included in figuring what the index should be for the public lands, we are going to get a very distorted picture.

Senator McCLURE. I wonder if I could interrupt to ask this question. As I understand it, the SRS developed the original data but they do not maintain the present data. That is done by your agencies in-house. Is that correct?

Mr. McGUIRE. No, sir. The SRS continues to gather and publish statistics on private land grazing rates.

Senator McCLURE. So your updating is also SRS data?

Mr. McGUIRE. That is correct. I think the point Senator Hansen made is a good one. I hesitate because there probably are some very detailed instructions to the data gatherers to define the kind of operation that is in the sample.

I suspect there are borderline cases where we take some very technical instruction to make sure the particular item is either in or out.

I don't know if there is enough detail there, Senator, to really answer your question fully.

Senator HANSEN. I think it would be helpful, as Senator McClure has just suggested in an aside to me, to have the instructions and if they, too, may be incorporated, Chief McGuire, along with the other information you will supply for the record.

Mr. McGUIRE. We will be glad to do that.

Senator HASKELL. I think so, too. So, in summary, I think we ought to have what was done originally—the methodology—and what is being done now. Is that right?

Senator HANSEN. Yes; I would think so.

Mr. McGUIRE. We will be glad to provide it.

Mr. HORTON. Senator, I think your observation here, and your line of questioning is extremely pertinent to the analyses we are giving these various formulas.

To bring in one example here, to indicate even with respect to cloudy areas, there exist the present operations in which you have a bona fide, legitimate commercial cattle operation, whether it be a steer head or a cow-calf operation. But in the vicinity of ski resorts or recreation centers, because of the interest in horseback riding, there is growing pressure for an individual to lease some of his private land for non-commercial—by commercial, I mean, of course, beef production—for recreational purposes, for simply boarding horses.

I think in areas in your part of Wyoming as well as central parts of Colorado, you are seeing a twist in the procedure for getting private rates because of the increased pressure from recreation users. So that is a cloudy area in which you have an outside or a recreation, a non-bona-fide commercial operation putting pressure on a commercial ranch.

Senator HANSEN. I agree completely, Secretary Horton, with what you say. I am thinking in terms of an area with which I am somewhat familiar, western Wyoming. That certainly has become quite a factor there.

My understanding is, and I am not certain this is right, nationally we have more horses today than we have ever had in any time in our history. The difference between the horses we have today and those that we had years ago is the use that is being made of them. Years ago they were pulling plows and feed wagons and that sort of thing. Today I suspect maybe 85 percent or more of the horses are pleasure horses. People who own them are not one bit interested in their being able to contribute to the economic feasibility of an operation, but rather they are something they can afford.

It costs a lot of money to keep them. If the money they are willing to pay for pasture were to be included in the sampling, I am certain most of us could agree some very serious distortions would occur. I wonder if that might not, indeed, be taking place.

I would point out, also, in connection with some of the ski areas in Colorado, I suspect that would be not unlike the ski area with which I am familiar in western Wyoming, where practically all of the early time livestock operations in my area, I think with hardly a single exception, at one time grazed on the public lands.

Since that became a more difficult operation, or as other factors entered into the picture, what has been happening in my area is they have just been going out of business.

If you look at that sampling alone, you don't find the same mix of ownership and the same wide availability of grazing patterns that might be true nationally. It seems to me there are some built-in distortions that most likely will become increasingly evident as people within a small area are bidding up.

I know my son-in-law is not unlike a few other people. They have three or four head of horses from some neighbor in town who is willing to pay a fantastic price per month.

Mr. HORTON. The solution that has occurred to me is to take all of the privately owned recreational horses in the United States and put them on the public lands, and in turn take all of the wild horses and

burros and put them on the private lands for which no fee is charged. Then you wouldn't have this arbitrary distortion.

Senator HANSEN. Maybe that is really what is behind the Wild Horses and Burros Act. I am being facetious, of course.

Senator HASKELL. Senator McClure.

Senator McCLURE. Thank you for your testimony this morning. I am heartened by the fact we have two agencies of the Federal Government sitting at the same table talking on the same subject, giving essentially the same testimony, and I think that is a plus. I don't know if that is a precursor of DNR or whether we should make any predictions based on your joint appearance but it is helpful to us. It does make it helpful for us.

As I recall, the fees on grazing lands, those receipts are paid directly to the Treasury and the Forest Service depends on appropriated funds for their range improvement. Is that the same thing within the Bureau of Land Management?

Mr. HORTON. That is not the case. I will ask Director Burklund to explain. There is certainly a different accounting system.

Mr. BURKLUND. All of the funds are dependent on appropriation by Congress but there are dedicated funds that will remain available until appropriated. Fifty percent of the grazing fee on section 3 lands is designated and dedicated for range improvement.

Senator McCLURE. Is all of that money dedicated back to range improvement?

Mr. BURKLUND. Yes.

Senator McCLURE. Even though it is subject to the appropriation process, it always has gone back?

Mr. BURKLUND. Yes.

Senator McCLURE. Does the Forest Service get back at least 50 percent of all the grazing fees for range improvement?

Mr. McGUIRE. No. Our formula is different, it provides for range improvement. Two cents for range improvement, 10 cents for all of the livestock.

Senator McCLURE. If we look for 50 percent going back to range improvement generated by grazing fees, you would have a great deal more money going back into range improvement on the forests.

Mr. McGUIRE. Depending on how the Appropriations Committee handled it.

Senator McCLURE. So they will appropriate for the Forest Service the same as they have for the Bureau of Land Management?

Mr. McGUIRE. I should point out, Senator McClure, our appropriations is considerably in excess of fees this year. Our request is a little over in the neighborhood of \$20 million, and in fees about \$10 million. So it is about 50 percent.

Senator McCLURE. When you say \$20 million that is the gross grazing fee receipts?

Mr. McGUIRE. No, the appropriation request is \$20 million.

Senator McCLURE. I am not looking at that, and I am not looking at how well Congress has done at this point. If I did that, I would find much to fault them for.

Mr. McGUIRE. The point I am trying to make is we need \$20 million or more.

Senator McCLURE. What are your grazing fee receipts?

Mr. McGUIRE. \$10 million.

Senator McCLURE. Your grazing fee receipts are \$10 million and you are seeking \$20 million. How much are you getting through the appropriations process?

Mr. McGUIRE. This year we are getting about \$19 million.

Senator McCLURE. So in effect you are getting a great deal more than you would get out of just the recycling of 50 percent of the grazing feeds?

Mr. McGUIRE. That is correct.

Senator McCLURE. So Congress has done at least that much.

Mr. McGUIRE. Yes.

Mr. BURKLUND. Senator, that holds true for BLM, too. But the only thing is the range improvement fund is dedicated to range improvements, not to range management.

Senator McCLURE. The dedicated fund is not the total amount received by BLM for range improvement?

Mr. BURKLUND. This is only about 20 percent of our total for range work.

Senator McCLURE. There are some statements in criticism of the bill presented by the Senator from Wyoming in regard to the distribution of fees. The statement is made that the 25 percent of the receipts are distributed with no offset costs deducted before distribution.

Let me ask that of the Forest Service first.

Mr. McGUIRE. I think that is correct, Senator.

Senator McCLURE. Unlike forestry receipts?

Mr. McGUIRE. Unlike receipts of timber, there are no deductions.

Senator McCLURE. I said forestry receipts, I should have said timber receipts. There are no offsetting costs so it is 25 percent of the gross grazing fee that is redistributed to local governments?

Mr. McGUIRE. That is correct.

Senator McCLURE. Is that true of BLM also?

Mr. BURKLUND. Yes; we don't have an impact on our receipt distribution. The only thing it would do—it would not fix the range improvement portion. Right now it doesn't either. We are establishing that by regulation.

Senator McCLURE. Do you distribute 25 percent of the gross receipts?

Mr. BURKLUND. No it varies; 12½ down to 5 in some instances.

Senator McCLURE. It is a great deal less than the percentage distribution from the forest land grazing receipts. Is that correct?

Mr. BURKLUND. That is correct; we are going to propose some clarifying language on the O. & C. and Bankhead-Jones. But I think there ought to be some clarifying language.

Senator McCLURE. The language in the statement indicates it is that the language in paragraph (h) in the bill would diminish the amount of receipts from the forest lands grazing fees which would be redistributed to the local units of government. I have read that language. I don't know that I come to the same conclusion.

I wonder if you can state why you came to that conclusion. You, Mr. Secretary, or you, Chief McGuire.

Mr. MCGUIRE. Senator, the point we aren't clear about in this connection is whether to apply the language to the entire Forest Service System, within the grasslands, Great Plains, the eastern national forest, that sort of thing. So you would have a variable effect on national forest system lands outside of the 11 Western States where the formula in dispute applies. That was our point of questioning.

Senator McCLURE. The formula in dispute applies only to the 11 Western States. It does not apply to the eastern forest or the national grasslands.

Mr. MCGUIRE. That is correct.

Senator McCLURE. Your only concern about that provision then lies between—it distinguishes between the units managed by the Forest Service, and other than that would not propose a problem?

Mr. MCGUIRE. That is right.

Senator McCLURE. This grazing fee which has now been in use something like 8 years—7 perhaps—was developed as I recall after 2 or 3 years. It was in the development process for 2 or 3 years before it was promulgated and published. I think it would be fair to say there have been very few livestock operators on the public lands who have ever embraced it eagerly. I think if we were to put it in the contrary there have been very few who have not rather bitterly opposed it since it was published; is that correct?

Mr. HORTON. Senator McClure, the record will show we have no information that leads to the conclusion we have ever received a delegation from the Western States that applauded any past or existing Secretaries of Interior or Agriculture for the existing formula.

Senator McCLURE. It doesn't prove it is wrong, but it does prove the livestock community has never accepted this formula as being correct.

Mr. HORTON. That is certainly fair to say.

Senator McCLURE. Is there a feeling on the part of people in Government that the criticism is largely because it raised the fees, or have you viewed it as being a criticism based upon the merits or a criticism based simply from economic self-interest?

Mr. HORTON. Senator, it is my personal observation at least over the past 2 years that the criticism does not in fact result from increased fee per se, but specifically from the method that we get from here to there in the process, particularly in the rationale that goes behind the range forage index. Indeed some of the formula recommended by the cattlemen would in fact have increased the fee over past years, and they would agree to a higher level at least in good years for future years. So it is the process, not the conclusion, that is the problem.

Senator McCLURE. Would you agree?

Mr. MCGUIRE. Yes; I would agree the ranchers I have talked to are concerned more with the principle than with the particular annual increase.

Senator McCLURE. Do the grazers on the public lands absorb a portion of the costs of management of the public lands directly outside of the fee that is charged?

Mr. HORTON. I am not sure you can say that in principle is totally true. I think it is a matter of sharing costs. We could ask either the Chief Forester or the Director to respond.

Mr. BURKLUND. Senator, in response to that there are definite higher costs for grazing on the public lands than there are on private lands because of the requirements for fence maintenance, water developments. The water developments we require are not solely for the benefit of the livestock industry, they are water for wildlife as well. We have different objectives than they do when they graze private land. So there is a definite increase or additional direct cost in grazing on the public land that they do not have when they graze on private land.

Senator McCLURE. So the grazing cost is paid in other ways than the grazing fee itself?

Mr. BURKLUND. Yes; that is what was reflected in the \$1.23 when the fee schedule was established against the \$3.65. So the difference there was an attributable cost to grazing on public lands.

Senator McCLURE. Does that reflect perhaps a difference in value, or is it a true reflection of cost?

Mr. BURKLUND. It is supposed to be based solely on the amount of grass taken by one animal unit per month. It is supposed to be the cost of running cattle on public land as opposed to running it on private land.

Mr. McGUIRE. That is my understanding, also.

Senator McCLURE. So the difference at the beginning was perceived to be a difference in cost of operation of \$2.42 per AUM. If I recall the correct figures you gave were \$3.65 on private land and \$1.23 on public land. That would yield a difference of \$2.42.

Mr. BURKLUND. \$2.42 that is correct.

Senator McCLURE. I assume if you are indexing and updating the formula it also includes the updating of the cost side as well as the other side of that formula.

Mr. BURKLUND. No, sir, the index is based solely on the difference between the \$1.23 and the cost today of leasing private land.

Senator McCLURE. So if the cost of operation has changed different than the private land values have changed, the formula would be distorted to the extent of that difference in movement on the two sides of the formula.

Mr. HORTON. I think the example Senator Hansen brought forward is illustrative of that observation.

Senator McCLURE. The second part of the question then would be, do you have adequate moneys appropriated by Congress and applied on the public lands for the improvement of the grazing on public lands? Is there enough money being appropriated now and expended for public land improvement and maintenance?

Mr. HORTON. I think, Senator, that is a matter of judgment. I think all of us would prefer to see a great deal of money, but your question was, is it adequate? I think the best source would be the Director and the Chief Forester.

Senator McCLURE. It is a matter of judgment and I am seeking yours, not OMB's. I recognize there is a filter between your thought processes and your speaking processes which is known as OMB.

Mr. BURKLUND. Senator, we supported Senator Haskell's bill and that in itself recognizes the condition of the range that BLM manages, and recognizes the need to rehabilitate those ranges to get them up to their productive capacities. In supporting that bill we have to say we are not satisfied with the level of management we have on public lands today.

Mr. McGUIRE. Senator, if I could add to that. The President sent to the Congress last month a long range program for the Forest Service which outlines a proposal to increase the animal-unit-month available in the national forest from about 11.3 million animal-unit-months last year to over 20 million animal-unit-months by the end of this century.

We think livestock grazing is a very appropriate and important use of the national forest system, and as Senator Domenici mentioned with higher costs of energy it is going to become more important. We think we need to reach that level on an orderly path. And it would take more money than we are now getting to do that.

Senator McCLURE. I didn't mean the question to be embarrassing to you. I recognize you do have constraints in the administrative process in the development of budgets. That is not my purpose in trying to delineate the differences of your judgment.

We have the same constraints up here, although we are less constrained than the administration seems to be, at least in the size of budget deficits.

The question I have is whether because of budgetary restraints we are doing the job that ought to be done for protection and utilization of the public lands as it relates to the grazing opportunities and grazing uses of the public lands, and it seems to me we are not.

One measure of difference lies in how well we are doing on private lands. That is not the fault of U.S. land managers. It is the fault of the restrictive budgetary process.

Private land managers oftentimes are able to marshal the capital and make the capital investments in a way the public land manager because of budgetary restraints has not been able to do.

The livestock industry as a whole is anxious to share in that. I have seen any number of times in recent years the users of the public lands more ready, willing, and able to make investments in the long-term management which they simply cannot do under the present system of permits and lack of tenure and all of the rest of that, that is so familiar to all of us.

There ought to be some way in which we can get some of the capital that is in the hands of private industry focused upon better land management of the public lands.

I am exploring, as Director Burklund knows, the possibility of allowing some offset against the grazing fee for the investment on better land management of the public lands, recognizing of course if you do that the fee would be a higher base but there would be an offset against it.

Let me give you a couple of examples of how that would help. It happens to involve the forest service in one of those examples. I just had a meeting with livestock operators up in Salmor. And, Chief, if you go up there, take your armored car and wear your bullet-proof vest. They are mad. They are very unhappy to say the least.

But one of the illustrations of the difficulty is, the Forest Service is now requiring the building of more fence. The Forest Service is doing a lot of that fence building themselves. That is being run out of the Ledor Range district and it takes them about 2 hours to drive to work and 2 hours to drive back from work, and 1 hour off for lunch, and they actually work about 1 hour building fence.

Now no livestock operator in his right mind will allow that to happen. The result is in some of those areas that fence is costing \$18 a rod to build.

There has got to be a better way of getting it done. One of the better ways of getting it done, it would seem to me, would be to say to the permittee, build the fence and we will give you credit. You will get a lot more fence built a lot more quickly. You wouldn't have to worry about whether you have that kind of appropriation that will get it done. The overhead of doing it would be substantially less and the livestock operator would have a bigger stake in the management of that unit.

And I think anyone of us here that comes from the western lands, the Western States, could multiply the examples of precisely that kind of difficulty.

I would hope somehow working together we might through an adjustment in grazing fees be able to recognize the opportunity to marshal some additional capital that does not have to go through the Appropriations Committee.

You have indicated there are some studies underway now for modification or possible modification of the grazing fee. I wonder if you could provide to us the alternatives which you are studying. What are the approaches you have under consideration so we might be able to provide a little additional input into that development process rather than waiting to see what the result is and criticizing that?

Mr. HORTON. I have indicated to the chairman, Senator McClure, that we will advise the committee at the conclusion of the analyses. In fact, I will simply outline them for you right now.

In addition to the present formula which is called the Udall formula, one that is not being viewed as an alternative—it is an existing system but that is in the analyses as far as projecting receipts, fees, et cetera—we are looking at the Santini formula which is very similar to the Hansen formula. We are looking at that with the class I and class II broken out of it so you have a standard fee, not a broken-down fee.

We are looking at several options between the present formula and the combination indices as to—and I am speaking now only theoretically, and I don't mean to give undue weight in the decisionmaking process by mentioning it here—but there is a compromise formula that could be devised, half way between the combination indices formula and the Udall formula.

We are looking at suboptions as to how much each half or each part could be given. We would be very happy to indicate in advance to the committee what the alternatives are if it would be clearly understood by the committee that we have not reached a decision on any of these. This is a totally open and comprehensive analysis of the options that are available to the Congress and the administration for resolving the problem.

I failed to mention a serious option and that is retaining the basic Udall formula but change the method by which the range index was computed. Along with the others it is being given serious consideration.

[Subsequent to the hearing the following information was supplied for the record:]

U.S. DEPARTMENT OF THE INTERIOR,
Washington, D.C., May 24, 1976.

Hon. FLOYD K. HASKELL,
Chairman, Subcommittee on Environment and Land Resources, Committee on Interior and Insular Affairs, U.S. Senate, Washington, D.C.

DEAR SENATOR HASKELL: In response to your request at the recent hearing on S. 3071, we are pleased to furnish a brief description of the several fee formulas being analyzed at the present time.

The specific grazing fee proposals under review are:

I. a. *Santini formula*.—This formula makes annual adjustments based on a cost of production index (CPI) subtracted from a beef cattle price index (BPI) for the 11 Western States. The proposal would also establish two groups of grazing lands based on carrying capacity of the public lands. The constant figure for Group I lands is \$1.70 and for Group II lands \$1.40 per animal unit month (AUM).

b. *Hansen formula (S. 3071)*.—Is the same as 1(a) except the BPI represents prices for the 48 States and the CPI and BPI represent a moving 3-year simple average of data.

II. *Modified Santini formula*.—This proposal would make annual adjustments based on a combined index (CI) which is composed of a BPI minus a CPI multiplied by \$1.51. The CI would also represent a moving 3-year average of data.

III. *Existing 1969 formula*.—This procedure makes annual adjustments to the base years' (1964-68) derived FMV fee of \$1.23 per AUM by the increase or decrease change in the private grazing land lease rental index, also called the range forage index (RFI).

IV. a. *Present formula modified by giving equal weight to the CI factor*.—This procedure would make annual adjustments to the base years' (1964-68) derived FMV fee of \$1.23 per AUM by allowing equal weight for the RFI and the CI. The RFI and CI would also represent a moving 3-year average of data.

b. *Preset fee formula adjusted by the BPI-CPI factor*.—This procedure would make annual adjustments to the base years' (1964-68) derived FMV fee of \$1.23 per AUM by allowing various weight to the BPI-CPI=CI factor. Data would also represent a moving 3-year simple average.

V. *Economic Relief formula*.—Using the present formula with a separate analysis of the CPI and the BPI or similar indices, to trigger needed adjustments in the current fee due to stress economic conditions as indicated by the CPI and BPI analysis.

The purpose of the review is to reconsider and examine the present 8-year-old formula in light of the alternatives proposed, the criticism that has been directed at it, and in comparison with the above alternatives.

Our review will be conducted by the agencies involved in previous analyses of grazing fees and which have the technical resources for accomplishing such studies, including the Bureau of Land Management, Forest Service, Statistical Reporting Service, and Economic Research Service, Participation by the Office of Management and Budget is also anticipated.

Sincerely yours,

JACK HORTON,
Assistant Secretary of the Interior.

U.S. DEPARTMENT OF AGRICULTURE,
FOREST SERVICE,
Lakewood, Colo., May 18, 1976.

Hon. FLOYD HASKELL,
U.S. Senate,
Washington, D.C.

DEAR SENATOR HASKELL: I believe you are aware that Forest Service 10-year term grazing permits expired in 1975 and new term permits are being issued currently for the next 10-year period. Previous permit holders have a priority for renewal providing they continue to meet eligibility and qualification requirements and sufficient range capacity exists to support the permitted animal numbers.

Inevitably, the applications taken for these renewals show that a few permit holders have jeopardized their permit status in some way, such as having sold their base property or grazed livestock which they did not own. We also receive applications from persons who have not held permits, but who believe their particular situations give them a priority over existing permittees. In addition, we have information indicating that current permittees have supplied false information on their applications.

All of this leads to a few instances where permits cannot be reissued or can be reissued only under penalty provisions. We are pleased to tell you that of approximately 3,450 permits in this Region we have been able to satisfactorily process more than 99 percent. Questions relating to 25 permits remain to be resolved. It is probable that some of these will not be resolved to the satisfaction of the applicant. A state by state summary of permit issuance follows:

	New permits issued	Permits unissued
Colorado.....	1,727	14
Wyoming.....	757	8
South Dakota.....	757	3
Nebraska.....	149	0
Kansas.....	28	0
Total.....	3,418	25

The time is drawing near for livestock to enter the national forests and grasslands for this year's grazing. It is quite possible that those permittees who have not and may not receive permits will be contacting you. If so, we will be most happy to supply you with complete details on any permit. We regret the possibility that these situations may place a work load on you or your staff. We will continue to work toward resolving the problems with the remaining unissued permits.

Sincerely,

CRAIG W. RUPP,
Acting Regional Forester.

Senator McCURE. What is the Forest Service doing with regard to updating or changing or revising the formula approach?

Mr. McGUIRE. We are working together with the Bureau of Land Management on the same sort of options. We have had a number of meetings. We have taken a look at the alternatives to the cost of production. For example, there are some shortcomings, as you know, to that index. There are some statistical problems. We have looked at the possibility of doing averaging to smooth out the increases and decreases.

We have also been at least looking at the possibility of determining cost of new data collection. One of our problems here is the inadequacy of existing data and cost collecting of data. We don't want to get into such an expensive system that it would be burdensome.

Senator McCURE. I understand in each instance the past data was accumulated by SRS and the updating data has also been accumulated by SRS and passed to you for your analysis. Is that correct?

Mr. HORTON. That is correct.

Senator McCURE. Have you also consulted with SRS in this process of trying to devise better statistical methods?

Mr. McGUIRE. Yes; we have. SRS has been very helpful in advising us on the weight we might give to data based on their samples, and what kinds of additional sampling might be required to bring the subelements to the sample up to some satisfactory level.

Senator McCURE. How often is it revised?

Mr. McGUIRE. Annually.

Senator McCLURE. Any thought given to making it more responsive by doing it semiannually or quarterly?

Mr. McGUIRE. Yes; we have looked at that and will continue to look at that.

Senator McCLURE. Could you give the committee a rough idea for the record, I don't expect you to do it off the top of your head, but for the record the number of people working on this and how much of their time they are devoting to this problem?

Mr. HORTON. Senator, let me indicate the generation of the extensive interest in this particular analysis. I failed a bit ago to mention that this is a joint effort between the two Departments with the Forest Service and the BLM.

While we went through an exercise of examining alternatives 2 years ago I think I at least was staking my position to the fact we did not provide any comprehensive review, analysis or projection of results from any of these examinations.

So what we have done at the departmental level, and indeed now with the OMB, is to agree we would seriously examine these. We have laid out the options. I don't know if we can speak to the number of man-hours that would be required or indeed the number of people or the length of time needed to examine them. It is serious. It is underway right now. But it is not a study in the sense we are going to go back and re-create the wheel we produced in 1967 or 1968.

Mr. BURKLUND. Senator, I think the question is, Should we go back and restudy it? We have been asked this by several committees.

We think the data that was established in 1966 or 1968 either is a base. We think the \$1.23 is sound. We don't need any further studies. We don't need to spend any more money there. All we need is analysis of the present formula to see if the RFI truly reflects the difference between the range forage on the public lands and the private sector.

I think all we are doing now is analyzing what we have and analyzing your proposal here, Senator Hansen. And we are not going to go into any further studies. I think we have all of the data base we need in order to come up with that.

Senator McCLURE. The only reason I asked for some estimate of the number of people and the amount of time they are spending on this analysis it will give me some indication of how serious you are in it. That has some validity.

I recognize—I don't want you to go out there and interview 14,000 people again. I am not sure you could find 14,000 livestock operators any more. That would be interesting itself. That would be interesting to find out how many of those operating in 1966-68 and how many are still in the business. You have more coyote watchers than sheep now. That we are not going to solve this morning either, but I want to have some idea of how seriously you are pursuing this, and I think some idea of how many people you have working on it would give me some indication of whether you are going to produce some serious results, or if it is something we talk about cash really when we have a hearing or have some livestock men in town.

I would like to know just how seriously you are proceeding.

Mr. HORTON. I can say that this week there have been two, perhaps as many as four, staff meetings between the two Departments, the

BLM and the Forest Service and the Office of Management and Budget on this issue.

In these meetings we did two things. We laid out the alternatives and indicated the types of projections we wanted given to each alternative. And, of course, we gave special focus to the formula under S. 3071.

The product of our activity is coming forward. We have projections now in the formula, I think what we could call the Hansen approach, that gives various assumptions on costs of beef prices projected out on an annual basis. This is only a start.

I think a commitment on the part of the administration in terms of manpower and resources is important. But I would hope very much the validity of legitimacy of any proposal that might be forthcoming would not be only determined by the number of people who worked on it. We have the data base. What we need to do is examine the formulas with specific reference to the range forage index. That is where the real weakness is in the eyes of many.

Senator HANSEN. If I understood one of Senator McClure's questions, were you updating your factors on the range forage index with respect to the increasing costs of operating on publicly owned lands? And as I understood it I gather the answer was no; that was not being done.

Am I right about that?

Mr. BURKLUND. No. We are taking a hard look at the RFI right now. First, as to one of the factors going in, whether there is some way to take the highs and lows out, such as a 3-year rolling period. That is an alternative we are looking at.

But the basic thing we are looking at is the process for data collection. Are we getting what we need to compute actual difference between the two costs of grazing private or public land.

Senator HANSEN. I think I understand. I am keenly interested in the testimony we have heard here this morning. I think it would be fair to say you have concluded that the present mechanism is not perfect and you are seeking to improve it. But my question is this: Insofar as arriving at a formula for an annual charge on an AUM basis for grazing, this does not reflect presently the increased cost of running on the publicly owned lands. As I right about that?

Mr. BURKLUND. That is correct. But if we have the right factor to relate to, if the index we use is correct, our 1.23 base does not need to be updated. But you have to reflect the difference between the two and that is what we are taking a look at now.

Senator HANSEN. The point I wanted to make—Chief, did you have a point to make?

Mr. MCGUIRE. If I might, Senator. The assumption in the formula we are now using is that the private land lease rates reflect all of the costs, the market. It takes that into account somehow and the changes in costs on private lands are the same as the changes in costs on public lands.

This is the assumption built in here. This is one of the places where we have to reexamine.

Senator HANSEN. I think we are getting down to what I consider a very crucial point. If the presumption is charges on publicly owned

land should be reflective of increasing values or decreasing values on private lands, and you do it on that basis alone, then it would seem to me there may be built in to that concept a discrepancy or an error that could become very serious. I make this point.

I think that any question the increased cost of labor, the increased costs of everything the rancher has to handle has resulted in a very sharp escalation in his cost of using publicly owned lands. That has nothing to do with what the Forest Service or the BLM charges as an AUM fee.

These are the other things that occur. The cost of hiring of cowboys or herders for sheep, the cost of equipment, fuel, everything else. The increased cost of money. And if the present formula does not contemplate those other factors, does not make allowances for them, then I would have to conclude the thing that is even further out of kilter as you try to compare the cost of grazing on the publicly owned land with the private.

I would welcome an observation by anyone if what I assume does not square with your conclusions.

Mr. HORTON. The 1968 costs, which were derived from the 1966 study, these types of costs, Senator Hansen, actually went into the collection of data. But the question of the collection of data now is, is the relationship still accurate as we perceived it in 1966, 1968, or are we making assumptions that are no longer justifiable that might have been so in 1968?

Senator HANSEN. All right. Then I have one further question. Senator Haskell and I are also members of the Finance Committee and we are looking at a tax reform law. I think it is fair to say most of the witnesses from whom we have heard in talking about taxes recognize costs, legitimate costs as being a factor in the operation of a business.

If you are talking about closing a tax loophole, you have to examine if there are costs that are included or mechanisms that are employed to achieve a certain objective that are not realistic or not really actuarially sound. But most every one of these as far as I know agrees.

If you have an honest-to-goodness cost, if it is statutes on real estate or interest—not prepaid interest—but that is one of the factors which determines whether you are going to wind up in the red or in the black.

Now let me ask this. Earlier, this distinguished panel has said that you have considered, or it had been recommended, that the cost of the investment in a permit had been suggested for inclusion in this overall factor and had been rejected. As far as you are concerned, was the reason for the rejection the result of a feeling that you had that it might imply a certain right to his permit, or were there other reasons that it was rejected?

Mr. HORTON. Senator Hansen, we have two members of the panel here who were here in those days. Would the Chief Forester like to speak to that, or we have Mr. George Turcott who was closely involved in that issue.

Mr. TURCOTT. It was basically a legal determination made by then Solicitor Edward Weinberg that any fact recognizing the permit value, the interest on permit value, did violate section 3 of the Taylor

Grazing Act which in paraphrase says there is no right, title, or interest vested by the issuance of a permit.

Senator HANSEN. Chief, would you like to comment?

Mr. McGUIRE. The concern at the time as I recall was the difference between fair market value and the actual fee charged by the Government had been capitalized into the ranch value, and the aim of the Government should be to try and change that situation. So we got to the point where the value of the permit was so to speak neutral with respect to the value of the ranch property itself, and to do away with that capitalization we recognized at the time that this had some inequities. Particularly to someone who say bought the ranch in 1960 and paid for the permit.

We had proposed, and Mr. Turcott will recall, that we extend the adjustment period to 20 years. But there was a debate over that and the final decision was to do it in 10 years.

Senator McCLURE. I wonder if I could interject at that point? Isn't there only one way you could do that? Is to destroy the value of the permit?

I recognize the narrow legalism which I believe has been the basis in the determinations in the past. We can recognize no property right or vested right in the permit whether BLM or the Forest Service. I recognize that is and probably will remain law but then to try to extend and say it has no value and we must destroy the value as it relates to the property seems to thrust us into a direction that will bring a substantial injustice.

I know, Mr. Turcott, you are trying to say something. Maybe I should give you the opportunity to before I say anything further.

Mr. HORRAN. Let me introduce what Mr. Turcott was about to say. A lot of us are concerned about that point. But realizing as far as we say we are not destroying the value of the permit, we are simply not taking that into account in the derivation of the fee. But I don't think we are to that second long step of destroying the value of the permit itself.

Senator McCLURE. That is what I understood Chief McGuire to say. We will destroy the value of the permit and do it over a 10-year period.

Mr. HORTON. But only as far as the computation of grazing fees is concerned. The permit would still have value apart from how you determine the fee that you charge on an annual basis for it.

Mr. TURCOTT. I was going to state the pragmatic fact that the fears expressed back in the hearings before this committee in 1969 that we were going to destroy the built-in value of these ranches did not come about. These permits were evaluated as worth \$14.43 per AUM as a result of the study in 1968 through the average of going out and getting this data. And in fact I have testified before this committee on special relief bills that I think current values are up to around \$20 to \$25 per AUM.

Loss in value did not happen. Permit value is still there. The capitalization is still going on. But the basic premise is, there is to be no legal title or interest vested.

Senator HANSEN. If the stockmen were to agree to the inclusion of a section which would categorically spell out, that simply by virtue

of the inclusion of the capitalization costs of a permit, as one of the factors to be used in arriving at AUM charge, but there was, with it, no concomitant assertion by the Government as to a vested right, but rather to recognize it as a fact of life. And I can speak to that.

If a rancher goes to the bank, the banker is going to say, "What is this outfit going to cost you? What is a permit going to cost you?" He is going to figure all of those elements in trying to make a determination whether he wants to loan the applicant some money to buy a livestock outfit, whether it is cattle or sheep.

I don't know of any banker who is not going to ask those questions. Yet it seems to me the Government hangs its case on a rather tender reed by saying because the organic act says there shall be no right, title, or interest vested, a stockman by virtue of the issuance of a permit, we are closing our eyes to an economic fact of life that should not be the policy of the Government.

Have I misstated it, Mr. Turcott?

Mr. TURCOTT. I think all three of us went through this in 1969. But the mere fact, the format of the study and the questionnaires and the 10,000 interviews, the 14,000 total questionnaires asked the deliberate question: Have you acquired a permit or did you inherit it from your father or somebody? If they acquired it, they bought it through a section 7 transfer under the Taylor Grazing Act regulations at that time. What did you pay for it? That is where we got the figure. We are not blind to it.

Mr. Weinberg, as I recall, and I am not an attorney, but he said the recognition of the interest as a cost to pay for the cost of these permits in effect legally would be recognizing the right and that was not proper in his opinion under the Taylor Grazing Act.

Senator McCLURE. Might I just parenthetically add, my good friend from Wyoming says he is not an attorney, and he always interjects that as a mark of high honor on his own part. But I am one which is only by way of prefacing the statement that attorneys disagree, and that was not just Mr. Weinberg's opinion, it was also the opinion of his predecessors in that office, since Mr. Barry made the original determination in that office in 1963, if I recall correctly.

But I agree with my friend from Wyoming, it builds into the calculations for grazing fees a bias which does not exist in the real world but as there is a matter of calculation. I think we ought to be able to solve that problem by specific statutory language. We recognize it has no vested right, and no legal standing as far as the Federal Government is concerned in the right to continue the permit, to transfer the permit. We still leave all of that vested in the Government.

But the Government will consider that as capitalization in the computation of the fee.

Senator HANSEN. Mr. Chairman, I might add that the IRS, in the case of an estate, comes around with a different understanding. They say there is a value. I speak from firsthand information, when my father died. It is right in there.

When we are talking on the Finance Committee about the balance of trade and the cost of insurance and freight, the chairman of the Finance Committee, Russell Long, has contended for a long time that we don't figure things the same way. When we figure exports, we

figure the value of American products in Liverpool, or Sydney, or Frankfurt, Germany, or some other place after we have paid the cost of getting over there. When we talk about the cost of imports the way the State Department has approached it, is to figure the cost at the points of export, if it is Sydney, Australia, or London, or wherever. But in the real world a businessman has got to figure what it costs him when he gets it in his warehouse in San Francisco, or New York City, or New Orleans.

And in this particular instance, and I want to emphasize it stops right there, I find some parallel in the approach of these land management agencies on this particular matter, and that is like the State Department, you close your eyes. You say it is a vested right, it is a very real policy.

Senator HASKELL. Thank you, Mr. Secretary, gentlemen, we appreciate it.

Senator McCLORE. May I make one comment while the gentlemen are still here? I agree totally with the—what the Senator from Wyoming has just said, but let me parenthetically add I think that is the matter of the legal advice that has been given and not the judgment of the land managers.

Senator HANSEN. I agree with that.

Senator HASKELL. Thank you, gentlemen.

Our next witness will be Ms. Cynthia Wilson, Washington representative of the National Audubon Society.

STATEMENT OF CYNTHIA WILSON, WASHINGTON REPRESENTATIVE, THE NATIONAL AUDUBON SOCIETY

Ms. WILSON. Thank you. I am Cynthia Wilson, Washington representative of the National Audubon Society. The society is one of the Nation's oldest and largest conservation organizations with nearly 350,000 members—many of them in the Western States. Since the founding of our society in 1905, the proper use of the public lands and their resources has been one of our principal concerns, and it remains so today. I would like to emphasize the word "public," since it sometimes appears that some people in the Western States take a proprietary view of these lands and tend to forget that all of the people of our 50 States are the owners of those lands and their resources. Grazing is a privilege, not a right.

Several weeks ago I testified before this subcommittee in support of the Rangeland Rehabilitation Act—with certain reservations. I hope that that testimony made clear that we are not trying to work a hardship on the livestock industry, nor are we willing to subsidize the industry at the public's expense.

Many of my colleagues in the conservation community are very concerned about the bills pending before you today, but unfortunately the House committee has scheduled a markup today of the BLM Organic Act—which of course this committee has already passed in a radically different form—and so those other organizations are not able to be here today. However, I believe they will be submitting statements for the record.

Under present law, grazing fees are set on the basis of an in-depth, interdepartmental study conducted during the 1960's. That study, com-

pared the cost of grazing on public and private land. The index developed was designed to bring grazing fees closer to fair market value, did not in fact attempt to set grazing fees for public lands at the same level as grazing fees on private land.

In calculating cost of production, the following items were considered: Lost animals, association, veterinary, moving livestock to and from allotments, herding, salting and feeding, travel to and from allotments, water, horse, fence maintenance, water maintenance, development depreciation, other costs. Thus, even if the present grazing fee index continues as scheduled, it will never create fees identical with those charged for private lands.

For example, according to the USDA Statistical Reporting Service, the average grazing fee per AUM for the 11 Western States in 1975 was \$5.75 in contrast to \$1.00 for BLM land and \$1.11 for Forest Service land.

Whenever this comparison is noted, the grazing industry replies that private lands are better, and that the costs of running livestock on private land are less. While it may be true that some private grazing lands are better, the reason for this is that the public lands have been abused—as has been amply documented by the BLM itself in its report to the Senate Appropriations Committee.

We believe that one of the reasons the public lands have been abused is the fact that they are public—and some grazers felt no real responsibility for their proper use.

In short, we believe that the present grazing fee structure is a bargain for the livestock industry, and any attempt to lower it or to prevent it from rising to reflect the true value of forage will have one dramatic result: A growing public demand to get the livestock off the public lands.

I believe consumers and the environmentalists are sympathetic to the plight of the livestock industry which undoubtedly has suffered some reverses in recent years. But those reverses have in large part been attributable to such factors as the cost of hired help, increased taxes, and Arab oil boycotts—not to the cost of BLM forage. Grazing fees provide a convenient scapegoat for the ills of the industry. However, when the public looks at the condition of the public's land and notes that other multiple uses such as wildlife habitat and recreation have taken a seat at the back of the bus compared to grazing, the public's sympathy for the livestock industry quickly diminishes if not disappears altogether. I am not advocating a movement to get livestock off the public lands, but I am telling you in all sincerity that if a bill which lowers grazing fees is passed, that movement is bound to gain momentum.

I will not attempt to analyze the effect of the proposed formula in S. 3071, because we do not have the staff to do such analysis and in any case that is the job of its proponents. Frankly, I have no idea what the grazing fee would be under this formula, but I trust that the departmental witnesses as well as the proponents will spell that out.

What I would like to comment on is the proposed two-tier system, which is absolutely unacceptable. For one thing, the present system of grazing fees already takes into account the condition of land since the unit of measurement is an AUM, not an acre of land. Thus, on

lands which produce a low quantity of forage, the rancher gets a larger number of acres for each AUM than on lands which are comparatively better for grazing. As far as we can tell, the purpose of the two-tier formula is merely to keep grazing fees cheap. The 1966 Westernwide Livestock Survey provided no information supporting a differential fee, and we have seen no subsequent reliable information that would support such a fee.

Another controversial feature of S. 3071 is range improvement fees which will be entirely spent for this purpose. We certainly believe that the range needs to be improved, but what is a range improvement to a cattleman may be range degradation to a conservationist.

In our view range improvements are a form of subsidy to the livestock industry, although the industry will not admit this. Since grazing fees are charged for the use of the public's land, those fees belong to the public. While I believe that the public in general wants to see the range improved so that it will better serve all uses, including wildlife and recreation, I am not sure that the public is interested in spending its money to build fences—which may interfere with wildlife—for some corporation's cattle. I am attaching for the record a chart showing fences built on BLM lands from 1959 to 1973. As you will see, of a total of 37,208 miles of fence, 18,070 miles were built with funds from the soil and water program, 9,235 miles were built with range improvement funds, and 9,908 miles were built by permittees themselves or in cooperation with the Bureau. As the bill reads, it is unclear as to how much of the fee is for grazing and how much for range improvement. Will the range improvement fee be in addition to the grazing fee computed by the formula in the bill, and if so how much will it be? Or, if it is part of the formula fee, what percentage is it?

Will such range improvements be designed to benefit wildlife as well as livestock? On the basis of past experience, we are fearful that without specific direction such range improvement funds will be spent for the benefit of livestock and either ignore, or worse, be detrimental to the needs of wildlife.

Although the bills before the committee do not address the question of tenure, that issue has arisen so I would like to comment briefly on it. While we understand the livestock industry's desire to be able to plan ahead as far as availability of grazing land, we are absolutely opposed to granting tenure to the industry. The House BLM Organic Act, H.R. 5224, contains a provision which would provide mandatory 10-year permits with almost automatic renewal, which would effectively lock them in. We do not object to the optional issuance of 10-year permits if the land is in good enough condition and an allotment management plan is prepared, but such evaluations should be made on a case-by-case basis. Again, I emphasize that grazing is a privilege, not a right, and any attempt to convert it to a right will be vehemently opposed by the conservation community.

Mr. Chairman, I hope that I have made clear our questions and concerns about this legislation. We do not contend that the present grazing fee index is perfect; we think it is too low. We don't know what the proposed fee would be although we expect it would be lower and we hope these hearings will answer that question. We think a two-tier system is not in the public interest, and we absolutely oppose it.

I would like to suggest that instead of tinkering with the formula, perhaps the thing to do is to put grazing fees on a competitive bid basis. That might settle the whole question of the value of forage, and it could be one way of assuring the continuation of the free enterprise system—which is worshipped by many persons as long as it doesn't interfere with those persons' subsidies.

On the general matter of assistance to the public land States, there are several items I would like to point out. Total receipts for grazing fees are 1974 were \$11,751,000 for BLM and \$6,600,000 for the Forest Service. A portion of this was returned to the States for range improvement. The Rangeland Rehabilitation Act authorizes spending more than \$100 million in the next 5 years for range improvement.

Total receipts from the public lands, excluding OCS, were \$750 million, of which \$267 million were from mineral leases. But the Federal Government gives back a lot of money to the public land States and counties: \$117.4 million of Forest Service timber revenues; \$58 million of O. & C. revenues; \$350,000 of BLM timber revenues; \$100 million of mineral leasing revenues. In other words, a total of \$310 million was returned to the counties and States for 1974. In addition, the House Interior Committee has ordered reported a bill concerning payments in lieu of taxes. It is estimated that about \$120 million would be provided to counties under this bill if it passes. The point of all this is that the public land States derive substantial benefits from the public lands.

I cannot help but note that many of the same persons who oppose Government regulation such as that envisioned by the BLM Organic Act are at the same time eager for Federal subsidies, for restrictions on importations of beef, a tariff on wool and the like. They can't have it both ways: If they want protection and financial assistance from the Government, they had better be prepared to accept regulation, too. And, they had better be prepared to pay the public a reasonable price for the use of the public's land.

Thank you for this opportunity to express our views.

[The chart attached to Ms. Wilson's statement follows:]

FENCING ON NATIONAL RESOURCE LANDS, 1959-73

[In miles of fence constructed]

Fiscal year:	Soil and water program	Range improvement ¹	Private ²	Total
1959	716	709	521	1,946
1960	562	889	378	1,829
1961	983	901	685	2,569
1962	932	720	456	2,108
1963	1,024	485	2,272	3,781
1964	736	480	237	1,453
1965	1,096	416	644	2,156
1966	1,585	432	423	2,440
1967	3,061	720	1,893	5,674
1968	2,279	719	1,825	4,823
1969	1,704	648	298	2,650
1970	1,375	639	93	2,107
1971	584	423	141	1,148
1972	875	451	7	1,333
1973	558	603	30	1,191
Total	18,070	9,235	9,903	37,208

¹ That portion of grazing fees collected that are returned for improvement of the range.

² Fences either completely constructed by licensees or permittees, or fences where licensees or permittees cooperated with the Bureau through either labor or money contributions.

Senator HASKELL. Thank you, Ms. Wilson. I think your position is very clear. I would make one comment. I think it would be a little bit difficult to have competitive bidding on most of the public land because generally speaking, and Senator Hansen can correct me on this, the area is adjacent to an existing ranch owned in fee and probably there is only one person who could usefully use it. You have to try to be as objective as possible.

I thank you very much for your testimony. I have no questions, just that one comment.

Senator Hansen.

Senator HANSEN. Thank you, Mr. Chairman. I, too, want to thank you, Ms. Wilson, for your testimony. Let me ask a couple of questions.

You speak about the deterioration of the western livestock ranges. Do you have specific ranges in mind? Are there ranges in Wyoming you have in mind in stating there has been a deterioration in the condition of those ranges?

Ms. WILSON. I was referring to the report of the Bureau of Land Management prepared last year for the Senate Appropriations Committee on public lands and grazing in which they stated—I am trying to remember the figure now, but something like 80 percent of the land was in fair, poor—there was a third term—condition. And much of this results from poor grazing in the past.

I am sure you are familiar with that report, Senator, and that is the report I was referring to.

Senator HANSEN. I am sure you have been in many parts of the West?

Ms. WILSON. Yes.

Senator HANSEN. Are you familiar with the Red Desert area of Wyoming?

Ms. WILSON. I have been across there.

Senator HANSEN. A number of years ago, Dr. Nelson at the University of Wyoming wrote a textbook on Rocky Mountain flora, which spoke about surveys he had made when he first came to Wyoming as a young botanist, and another one he made 50 years later. He found that the desert range had improved rather markedly during that 50-year period of time, all of which sheep were grazed on the Red Desert.

I think people who may not be familiar with range trends, whether a range is improving or deteriorating, do assume as one looks at a piece of landscape and compares it with areas of the country where there is much rainfall and climactic conditions that are beneficial to plant growth, this range is in very bad shape. Yet the surveys I have seen in the State of Wyoming conducted by the University of Wyoming in cooperation with the Forest Service and the BLM give a rather different picture of what has been happening out there. As you make comparisons between what the situation is now and what it may have been 10-years earlier, I would ask you would you be prepared to make any observation on that last point I have just made?

Ms. WILSON. Yes, I would, Senator. I am not in a position obviously to quarrel with the professor's statement about the Red Desert. But I think the important point is, first, if the Red Desert has improved in 50 years, what was its condition 50 years ago? Was it, in other

words, 50 years ago in a terrible state then and has improved? Or has the Red Desert—I don't know enough about the Red Desert to know whether prior to that 50-year time frame it had, shall we say, been dreadfully overgrazed but in the last 50 years has improved.

I think that is the important point. Certainly grazing practices have been improved, and that was one of the purposes of the Taylor Grazing Act in the first place. But from everything I know, and I don't pretend to be an expert or a westerner, but in the early days in the West, and I am talking about a good long time ago, there was a lot of very serious overgrazing. Much of that land is not recovered.

And if I may comment further, I have no reason to disbelieve the report the BLM prepared on the condition of the range. I have to accept that document. They must have had some basis for that document. It is a fairly big document. I can't believe they just made it up.

Senator HANSEN. One further question. The former chairman of the Wyoming Game and Fish Commission testifying a few years ago before a subcommittee in Casper, Wyo., testified most of the species of game animals in Wyoming had increased rather significantly in the period of time elapsing between his time as a teenager and his appearance before that subcommittee.

He thought that could be attributed to two facts. One was the predator control program that he thought was significant, and the second was the number of range improvements that had been installed on western ranges by stockmen. He spoke among other things about the presence of stock watering reservoirs that made it possible for antelope and deer principally to utilize a far greater area at all times of the year than had been true before the stockmen operating with the BLM. And you pointed out that bill was passed in the 1930's.

I don't want to focus on what the situation may have been prior. I don't think it is that important. The important thing is to note now whether the ranges under present management are improving or going downhill. It is my opinion they have been improving. I think part of the BLM's statement implies with certain funds available and certain changes perhaps that improvement could take place at an even faster rate.

But to get back to the chairman of the Fish and Game Commission, he said there had been a sharp increase in the upland bird populations in Wyoming, there had been a sharp increase in deer and wildlife populations. He said it was due almost exclusively to the presence of stockmen grazing cattle and sheep. The stock improvements and the range improvements that they had made.

Ms. WILSON. I would say, Senator Hansen, again I am not in a position to quarrel with the State Fish and Game person. I can believe the antelope population increased. I can assume the populations were way down earlier in the century. I don't know specifically about Wyoming, but a lot of steps were taken to bring the population back.

Probably at the present time you would call them in danger or threatened, and many steps were taken then to consciously save them, to bring them back up. I think we have to bear in mind watering stock ponds or whatever can be helpful to wildlife. Fences can be helpful sometimes too, or they can be detrimental. Again that is a situation, particularly in recent years, efforts have been made to improve the

design of fences so, for instance, antelope will not get hung up on them.

As a matter of fact, 3 years ago when I was driving across the Red Desert where there are, as you know, lots of antelope, I saw a lot of antelope hung on the fences. In those cases those are interstate highway fences, and that is a fence of a different color. That is where our concern is with range improvements. That they be done in such a manner as to take these factors into consideration.

In addition to game animals, you have nongame animals and what their status is over the years in Wyoming I don't want to know. Sometimes activities which will improve conditions for game animals, for example, may be just the opposite for nongame animals because of the diversity of food requirements and so forth. Again I am not an expert on the wildlife of Wyoming, so again I could not make a judgment on that.

We recognize range improvements can be helpful. It is just that we think people ought to plan them more carefully so in fact they don't have an unintended ill effect.

Senator HANSEN. I have no further questions. Thank you.

Ms. WILSON. Thank you, Mr. Chairman.

Senator HASKELL. We will recess the hearing now and resume at 2 o'clock, at which time Mr. Flitner will be the first witness.

[Whereupon at 12:40 p.m. the hearing was recessed, to reconvene at 2 p.m.]

AFTERNOON SESSION

Senator HANSEN [presiding.] The hearing will please come to order. Dave Flitner, the president of the Wyoming Farm Bureau Federation will be our next witness. Are you going to have Mr. Johnson accompany you?

Mr. FLITNER. I would like to ask Mr. Johnson to come up.

Senator HANSEN. Will you identify yourself more completely than I have, Mr. Johnson.

Mr. JOHNSON. Leonard Johnson, director of natural resources, Department of the American Farm Bureau of the Park Ridge office.

Senator HANSEN. I don't know what form your testimony will be in, Mr. Flitner. Let me say if you have a printed or prepared statement, the entire statement will be included in the record, but you may read it or do however you like. I have lots of time and would be pleased to have you proceed in whatever fashion would suit you best.

Mr. FLITNER. I am prepared to read it, and if it is your pleasure, I will do so.

STATEMENT OF DAVE FLITNER, PRESIDENT, WYOMING FARM BUREAU FEDERATION, ACCOMPANIED BY LEONARD JOHNSON, DIRECTOR OF NATURAL RESOURCES, DEPARTMENT OF THE AMERICAN FARM BUREAU, PARK RIDGE OFFICE, WYOMING

Mr. FLITNER. We appreciate the opportunity to present Farm Bureau's views on this important issue. The matter of developing an equitable grazing fee formula has been an important concern within the Farm Bureau for many years. In our judgment, the impacts of this issue are important to a broad range of citizen groups.

The real issue revolves around the nonfee costs of grazing livestock on Federal lands. The fees charged by the Government are only one cost; there are 14 essential nonfee expenses that should be recognized and understood. These nonfee costs were identified in the Forest Service/BLM cooperative grazing fee study of 1966-68. During 1975, the LaMar Monroe family of Millard County, Utah kept a detailed record of the expenses associated with their BLM grazing permit. The results showed nonfee costs of \$7.22 per AUM. A copy of this cost computation is attached.

Because it is a complex subject involving nonfee costs, the grazing fee issue is easily misunderstood. The immediate losers as a result of a wrong decision would be range livestock ranch families, whose private lands and investments in Federal lands would be damaged. However, over time an unwise resolution of this issue would set in motion land uses that would produce irreversible damage to game habitat, watershed and recreational values. The principal loser would be the general public.

I might add in my own county, Big Horn County in Wyoming, as a result of a study by the University of Wyoming in the last few months it has been established that Big Horn County will lose as indisposible income as a result of the imposition of the 1976 fee a sum of \$66,205. When you impose upon this the agricultural multiplier factor of 2.1 you have a loss to the county of \$134,326.

Senator HANSEN. If I may, Mr. Flitner, let me interrupt you at that point to get a better clarification in my mind by what is meant in that statement?

You say if the higher fee—is this the added cost that would be visited upon the stock growers in your county?

Mr. FLITNER. What I actually mean, Mr. Chairman, is this \$66,205 will be taken from the operating—will be revenue that will be extracted from the permittees that are using the public lands and this will not be available to the local economy but will be sent to Washington.

Senator HANSEN. I understand.

Mr. FLITNER. Farm Bureau members have financed, by voluntary contributions, a special investigation of the probable impact on the economy of "pricing livestock off the Federal ranges." The research was done at the Utah State University by Dr. Darwin Nielsen and Dr. John Workman. Its title is, "The Importance of Renewable Grazing Resources on Federal Lands in the 11 Western States." We direct the committee's attention to conclusions numbered 11 and 12:

11. The increase in grazing fees will adversely affect federal lands.
12. The effect of the scheduled grazing fee increases will reduce the income and the ability of counties to provide needed services.

At our most recent annual meeting, held in St. Louis in January, the following policy statement was adopted on this subject:

We recommend a review and reevaluation of the present ten-year grazing fee schedule.

Congress should establish guidelines essential to contractual agreements for the use of public lands for grazing which would provide, among other conditions:

- (a) An adequate and reasonable term of years.
- (b) Opportunity for personal capital investment in range improvements and operation facilities.

(c) Conditions relative to multiple use including hunting, fishing and recreation.

(d) An appeal procedure.

(e) An equitable fee structure including the capital investment in a permit as a factor in annual operating costs.

(f) Severance damages.

(g) Trespass regulations.

(h) That the permittee shall be granted an equitable share of the increased grazing capability which accrues from improved range management.

(i) The price of marketable livestock and costs of doing business should be included in the grazing fee formula.

(j) Discriminatory fees charged for the use of federal lands should be eliminated. If legislative efforts fail to resolve these inequities, we favor a legal challenge.

S. 3071, introduced by Senator Hansen, meets a number of the criteria listed in Farm Bureau policy. It also is consistent with Farm Bureau policy in that it includes the price of marketable livestock and the cost of doing business as a part of the grazing fee formula.

We have reservations, however, with respect to the proposal in this bill which would divide grazing lands into only two groups, based on carrying capacity. We do not know of any factual justification for this approach.

What I am attempting to say parenthetically is each is an entity within itself, separate limitations and capabilities. And the management of each allotment should ideally be made on a case-by-case basis.

We also are concerned that the proposed formula for determining grazing fees does not reflect the cost of owning a grazing permit.

Earlier this year Farm Bureau urged a moratorium on the 1976 increases in grazing fees, pending a review of the issue by Congress, and that the Congress give this matter priority consideration. Please see the attached copy of a letter to President Ford.

We believe that the formula approach proposed by S. 3071 is preferable to the determination of grazing fees by administrative action; and with several amendments Farm Bureau could support passage of such legislation.

Proposed amendments to S. 3071. On line 16, page 3, insert:

(f) The (thirteen (13)) Non-Fee Costs identified in the Forest Service-BLM Cooperative Grazing Fee Study of 1966-68 shall be included in the Grazing Fee Formula.

(g) The average values per AUM of investments in grazing permits identified in the Forest Service-BLM Cooperative Grazing Fee study of 1966-68 shall be included as a Cost of Production factor in the Grazing Fee Formula.

Re-letter subsequent subsections.

Mr. Chairman, we appreciate the opportunity of presenting the American Farm Bureau on this very crucial issue.

[Attachments to Mr. Flitner's statement follow:]

[ATTACHMENT No. 1]

COSTS FOR 237 HEAD PERMIT—CEDAR RIDGE ALLOTMENT, FISHLAKE NATIONAL FOREST, UTAH—JUNE 16 TO SEPTEMBER 30, 1973

LaMar Monroe & Sons, Scipio, Utah

Costs—Figured on minimum and maximum basis according to actual expenses and estimated Forest Service costs.

Mileage—Figured at 14 cents per mile plus \$69 per month rental charge for a ¾-ton pickup truck.

Labor—\$30 per day for maintenance plus \$5 per day for horses (minimum). Maximum is \$48 per day based on average salary for a Forest Service employee which is \$12,000 annually.

Forest Service fees were \$1.11 per A.U.M. Association fees were \$1 per head, per season. Purchase price of the permit was \$125 per head in 1974, or \$29,625 at 8 percent interest.

	Minimum rate	Maximum rate
Mileage: 2,050 miles.....	\$563.00	
Labor:		
20 days maintenance.....	600.00	\$360.00
60 days with horses.....	2,100.00	3,180.00
Forest Service fees.....	975.00	
Association fees.....	237.00	
Interest.....	2,370.00	
Total.....	6,845.00	8,285.00
Cost of A.U.M.....	7.22	8.74

Additional costs were the loss of 4 cows, 6 calves, and two 700-pound steers.

[ATTACHMENT No. 2]

AMERICAN FARM BUREAU FEDERATION,
Park Ridge, Ill., February 5, 1976.

President GERALD R. FORD,
The White House, Washington, D.C.

DEAR MR. PRESIDENT: The grazing fees announced by the U.S. Forest Service and Bureau of Land Management for domestic livestock grazing on federal lands in 1976 call for a 30-percent increase for Forest Service grazing and a 51-percent increase for BLM grazing.

In light of the economic condition of the range livestock industry, these are enormous increases that cannot be justified. The result will be that livestock will be priced off the poorer federal ranges which are the lands that should receive higher levels of personalized management. Also, the nation's energy situation indicates that the national interest requires priority emphasis on the harvesting of renewable forage by livestock grazing on all lands, and particularly the federal range lands.

If these large fee increases are implemented, the losers will be the general public through higher costs of meat production, reduced multiple use management of federal lands and a gradual deterioration of rangeland conditions.

The American Farm Bureau Federation does not support the ongoing 10-year schedule of fee increases. The formula used in computing fee levels is not satisfactory to us because it does not give adequate weight to the nonfee costs of grazing federal lands and does not recognize differences in rangeland grazing values or reflect returns to producers.

The current grazing formula was developed by federal agencies and needs revision by Congress. We believe that the federal land management agencies' extensive studies of this issue have assembled valuable information that should be reported to Congress. We urge the Administration to place a moratorium on the scheduled 1976 increases in grazing fees and to ask the Congress to give this matter priority consideration.

Sincerely,

ALLAN GRANT, *President.*

[ATTACHMENT No. 3]

AVERAGE COSTS PER AUM FROM GRAZING FEE STUDY

	BLM land	Private land ¹
1. Lost animals.....	\$0.60	\$0.40
2. Association fees.....	.04	.14
3. Veterinarian.....	.21	.24
4. Moving livestock to and from allotment.....	.49	.20
5. Herding.....	.69	.87
6. Salting and feeding.....	.31	.28
7. Driving to and from allotments.....	.11	.07
8. Water.....	.12	.09
9. Horses.....	.21	.27
10. Fence maintenance.....	.20	.10
11. Water maintenance.....	.11	.02
12. Development depreciations.....	.14	.13
13. Other costs.....		
Subtotal, nonfee costs.....	¹ \$3.34	¹ \$2.82
Range.....	(1.94-5.46)	(-1.66-3.08)
14. Lease rates private.....	0	1.82
Range.....		(.90-3.80)
15. Total cost excluding permit.....	3.34	² \$4.64
Range.....		(2.79-6.76)
16. Permit price ³	14.41	
Range.....	(1.63-44.83)	

¹ Average difference in nonfee costs (items 1 through 13) is \$0.51 more per AUM on public land. (Accurate to 4 decimal places. Above difference of 52 cents is due to rounding results to 2 decimal places.)

² Average difference in total cost exclusive of permit prices (items 1 through 14) is \$1.31 more per AUM to use private than public land. (Accurate to 4 decimal places. Above difference of \$1.30 is due to rounding results to 2 decimal places.)

³ Average permit price is \$14.41 per AUM (range \$1.63 to \$44.83).

[ATTACHMENT No. 4]

U.S. FOREST SERVICE

TABLE 1.—ITEMIZED COSTS PER ANIMAL UNIT MONTH FOR GRAZING LIVESTOCK ON FOREST SERVICE AND PRIVATE LANDS

Cost item	Cattle		Sheep	
	Public	Private	Public	Private
Lost animals.....	\$0.61	\$0.38	\$0.72	\$0.69
Association fees, private lease.....	.19	1.86	.05	1.64
Veterinary.....	.13	.14	.10	.13
Moving livestock to and from allotment.....	.33	.24	.39	.27
Herding.....	.47	.16	1.48	.73
Salt and feeding.....	.41	.85	.29	.81
Travel to and from allotment.....	.41	.27	.50	.33
Water.....	.04	.07	.07	.09
Horses.....	.23	.10	.24	.06
Fence maintenance.....	.27	.28	.08	.14
Water maintenance.....	.18	.10	.08	.07
Development depreciation.....	.13	.02	.06	.02
Other costs.....	.17	.12	.28	.25
Total costs, National Forest System lands in survey ¹	3.59	4.60	4.35	5.24
National forests, 11 Western States.....	3.75	5.32	4.49	5.82
National grass lands, 6 Plains States.....	2.86	4.59	1.65	3.82
Cost of permit.....	25.35		17.29	

¹ Summation may not equal total costs due to rounding.

Senator HANSEN. Thank you very much, Mr. Flitner. If I recall correctly, your family—you are a third generation, I knew your grandfather and grandmother.

Do you happen to know when your grandparents first came to Shell, Wyo.?

Mr. FLITNER. Yes; I do, Mr. Chairman. My grandfather came to the Shell area of Wyoming in 1905. He homesteaded there and my father homesteaded after him. The family has been in continuous operation at the same location since that time, a period in excess of 70 years.

Senator HANSEN. Do you have any feeling about the trends in range condition in your area? Has the BLM range as well as the forest range been staying fairly static? Has it been deteriorating or improving? How would you characterize what has happened, if anything has happened?

Mr. FLITNER. I would say one important thing has happened with the imposition of the grazing fee schedule that occurred 7 or 8 years ago in which the intent, and I am sure it was the serious intent of the land management agencies to try to get equity in this matter. But when they tried to raise the grazing fee to what they call—were considered a fair market value and did not take into consideration the 13 or 14 nonfee costs such as the cost of acquiring the permit, what they did was take away the incentive of the individual operator to actually use his own resources and his own management and his own energies as we have traditionally done.

As a result of taking away this incentive, I think in some areas, the ranchers in some areas have slacked off on some of the very sound management policies merely because of the fact they could not afford it. Their grazing fee was being escalated at such a rapid rate, and their resources as a result of a depressed market situation was so much that there was no way in which they could continue to put the individual effort into the public lands that they had formerly done. And that is counterproductive to the future potential of the natural resource lands in this country.

Senator HANSEN. You recommend some 13 points you feel should probably be included as factors in determining what the fee should be. And with the inclusion of those points recognition could be given.

Did I understand you to say that permittees can, and under those conditions would, be willing to make what would result in ongoing activities that would be beneficial? Is that your feeling?

Mr. FLITNER. If I understand your question, Mr. Chairman, that is correct. If the Federal Government would adopt the position of using the 13 or 14 nonfee costs in assessing the value of the fee, then we would support that. And I would like to make the record imminently clear we in no way want to be in a position or advocate a position of asking for a grant from the Federal Government or asking for any type of subsidy that cannot be justified. We feel if the land management agencies and the Congress of the United States will consider all of the factors involved as they would in any other business, we could live very successfully with that formula.

But our basic argument, sir, is that we feel this has not been done. The criteria has been incomplete. Once the Congress and the land management agencies adopt a complete formula which takes into consideration the realities of the actual business situation, I would hope, sir, we could support this wholeheartedly.

Senator HANSEN. I think there may be a rather widely held belief that the presence of domestic livestock on the public ranges of the

West militate against game population. Do you have any observations to make on that?

Mr. FLITNER. I certainly do. That is absolutely incorrect. There are people who hold the premise that the presence of domestic livestock is detrimental to game habitat and game population.

It is very interesting, Mr. Chairman, that in the State of Wyoming we have conducted several accidental experiments. One by the Wyoming Game and Fish Department—

Senator HANSEN. You say accidental experiments?

Mr. FLITNER. Yes; I did. I don't have the details but this could be furnished to the committee. In the Sybille Station in the southern part of Wyoming they eliminated domestic livestock for a given number of years.

The Wyoming Fish and Game Commission had to, as I understand it, to rehabilitate that range, had to actually purchase cattle, domestic livestock, in order to get the browse back and control the type of browse formerly present in that particular allotment. That is only one example, Mr. Chairman.

I think if this was a pertinent issue for the committee, we could furnish other documentary evidence to support the conclusion that domestic livestock as a management tool is a tremendous asset in the management of the public lands of this country.

Senator HANSEN. What about the game populations in the Greybull area of Wyoming where you live? You have antelope, and deer, and some elk, I believe.

Mr. FLITNER. Yes; we do.

Senator HANSEN. What has been the situation with regard to the numbers in these game populations?

Mr. FLITNER. I would like to go back to the time my father and grandfather came to the country. At that time the presence of any type of wildlife was very rare. My family was instrumental in bringing in the elk herd and introducing them into the Big Horn Mountains. But it was a rare occasion 50 years ago or more when they ever saw a deer or elk.

As a result of the various things that have happened on the public lands and developments on the private lands, my family has seen, over the years, a gradual and dramatic increase in the game populations as reservoirs have been placed in the hills and as fences have come in to increase the grazing and the grass potential, and as the range is being managed better we have seen a very dramatic increase in the game herds.

I think several years ago it kind of peaked out. One of the adverse factors we have seen was a result of some of the decisions of the Federal Government; namely, the Executive order on toxic chemicals. It has a result of the reduction or the elimination of the use of toxic chemicals. We have seen the predators come back to the extent game animals are being critically and seriously damaged. And this is causing a tremendous decline in the game population which many people in this country are now beginning to realize.

This tremendous escalation of game numbers was made possible by—primarily through the interest and efforts of individual livestock producers, many of them sheep producers, that were trying to hold predators at bay.

Now we are seeing results of a very detrimental Executive order.

Senator HANSEN. As costs of operation increase, contemplating the continued implementation of the present manner in which fees are determined who, if anyone, or what group, I should say, of users would you expect to be the first to suffer from the impact of the increased costs and likely to go out of business?

Would it be the larger operators, middle sized, smaller ones? Who do you think would be first affected?

Mr. FLITNER. I think possibly very definitely, Mr. Chairman, the smaller operators that don't have a larger commensurate property base on which to borrow money quite frankly would be the first to go. This is of course extremely significant in that we are seeing in this country we are down to 4 point something percent of the population left in agriculture. As we see this type of Government regulation, we see the effect of it; this is adding more fuel to that fire. We are losing one of the greatest natural human resources as a result of some of these very arbitrary reasons we think cannot be sufficiently justified as far as quality and justice are concerned.

Mr. JOHNSON. Dr. Garwin Nielsen told a meeting 3 weeks ago it will be small family operations that will be removed from the land. This will set in motion irreversible damage to Federal lands.

We asked him to explain what he meant by irreversible. Everybody is concerned about irreversible environmental implications. He said as you move the small operator out and the land use changes, you will set in motion these damages which he feels can never be changed. He also said as we price the sheep industry off the land we also will change the land from a sheep habitat to a cattle habitat. This will do irreversible damage to deer habitat.

Some of these projections and charges by Dr. Nielsen merit investigation.

Senator HANSEN. Thank you very much, Mr. Johnson. How important are these ranch operations as part of the tax base to the support of schools and county government? Do you have any figure on that?

Mr. FLITNER. I don't have any figure, Mr. Chairman. I could certainly get that. But I would certainly say Wyoming being essentially now going into a very high profile of mineral development—agriculture at this point would probably be taking somewhat of a secondary role. But the tax base and the agricultural tax base is absolutely vital and essential to the vitality even to this day in the State of Wyoming. But I would be glad to furnish that to the committee.

Senator HANSEN. I suppose the importance of these ranch operations would vary county by county, would it not?

Mr. FLITNER. Yes, sir.

Senator HANSEN. If you could provide the committee with a breakdown on that it would be very instructive.

Mr. FLITNER. I would be happy to do that.

Senator HANSEN. Mr. Johnson, do you have anything further you would like to observe?

Mr. JOHNSON. May I put in the record reinforcement of three items which Mr. Flitner has referred to? The first one is the LaMar Monroe cost of operation. This shows it cost that family \$7.22 per AUM in 1975 to operate a BLM permit. So many people misunderstand the

actual cost of using the Federal lands. Some of the most expensive rangeland in the Nation will be Federal land. So I would like to reinforce, reexamine that particular document.

Also, Mr. Flitner referred to the fact he had attached to his statement the BLM and the Forest Service report of the nonfee expenses. This is the result of the \$1 million study discussed by the agency. This is the BLM figure which shows the 13 nonfee costs. It reveals the cost of a BLM operation was \$3.34. The Farm Bureau's examination found the cost of a BLM permit in 1966 really totaled \$5.53. The BLM in 1968 could justify an 11-cent increase.

Let me put into the record also the Forest Service—here is the Forest Service 13 nonfee costs, the average costs to the United States, the value of the permit. And if you will examine those figures you will find it cost a livestock man operating a range, livestock operations on Federal lands in 1968, it cost him \$5.78 per AUM. The \$1.03 they paid as a fee was really just a small part of that cost. There is so much misunderstanding I think this is important.

Then he referred to a research booklet. This was prepared by Dr. Garwin Nielsen and Dr. John Workman, of the University of Wyoming—

Senator HANSEN. Wyoming or Utah?

Mr. JOHNSON. Workman is a Wyoming man. Nielsen is from Utah. This particular research was financed by the 11 Western States, the ranchers and farmers, not just the stockmen but ranchers and farmers, to endeavor to measure whether it is true that livestock grazing on Federal lands is a benefit to the nonagricultural community. So they are endeavoring to quantify what is the value of livestock raising on Federal ranges to people who live in the valleys.

I would like to point out this is an excellent documentation of some of the implications we are considering at this hearing.

Senator HANSEN. The last witness before we broke for lunch, Ms. Wilson, who was appearing on behalf of the Audubon Society, stated, in comparison, private lands vis-a-vis public lands as to cost and quality, private grazing lands are better because public lands have been abused. Based upon your observation in Wyoming, would you have any comment, Mr. Flitner?

Mr. JOHNSON. This is disturbing to hear this charge. I would like to make a quick comment. Because our investigations reveal the lands are improved, but with proper incentives to the private sectors we felt the lands could be improved by 50 percent. And now I see the Forest Service has come up with a figure, the land could be improved or the grazing could be improved by 79 percent.

Mr. FLITNER. Mr. Chairman, I would say first off it is difficult to make a comparison at times. I would have to see the data upon which that statement was based. The best lands in the West, as you well know, sir, were taken out and put into private property as a result of the Homestead Act or other provisions, and placed into this classification.

So the Federal land management agencies—namely, the BLM—has been saddled with some of the very worse type lands as far as carrying capacity and so on. What we call in our part of the country the type of land that holds the world together.

Without actually having an example before me to compare, I would challenge that very seriously.

Senator HANSEN. You underscore the point I think needs to be kept in mind, which is, to the best of their ability, the typical homesteader certainly chose the best lands then available. This is a fact. It accounts for the patterns that have emerged. We have watched people take advantage of the Homestead Act. They actually sought out first those areas that were favored with climate and with soil and water conditions, and it was as the competition made the securing of homesteads more difficult that they moved further upstream into higher areas and shorter growing season periods and into more arid parts of the country.

To me, it would be like comparing apples with oranges. A piece of ground that was about to be homesteaded would have reflected the best available in the eyes of the person then intent upon patenting it.

I would agree privately owned lands are better than the publicly owned lands. That is just a fact. But I don't think it follows that it is better because they were grazed. They were better because the people who made the entries in the first place, naturally for good reasons, chose the better lands. Would you share that—

Mr. FLITNER. Very definitely, I would. I would be remiss in my duties if I did not take a minute to offer gratitude to Chairman Haskell and you Senator Hansen for finally bringing this before the Congress of the United States in which it has been our effort and the effort of many livestock producers in the Western States to have this opportunity to present our views before this forum so we would not be at the total mercy of the regulatory agencies of the public land. I want to thank you very much, sir.

Senator HANSEN. Let me take this occasion, Mr. Flitner and Mr. Johnson, to say I share your gratitude for the consideration that has been exhibited by the chairman of the subcommittee, Mr. Haskell, in scheduling the hearings. That is something that has not been usually achieved in the past, as you have already observed, and I join with you in expressing my appreciation to him for providing the forum so this issue could be brought up before the Congress of the United States.

I want to repeat again what I earlier said. I appreciate very much the attitude that Senator Haskell has displayed in making these hearings possible.

Now, according to the witness list, Mr. Rubin Pankey is from Truth or Consequences, N. Mex. That sounds like a dangerous place to be from. Mr. Leonard Horne, from Wolcott, Colo.; Mr. Joe Burke from Casper, Wyo.; and Mr. Pat M. Stout, Kadoka, S. Dak.

We are very pleased to have you here. You represent a good wide swath of the West. We are looking forward to hearing from you.

STATEMENTS OF R. E. PANKEY, TRUTH OR CONSEQUENCES, N. MEX.;
LEONARD HORN, WOLCOTT, COLO.; M. JOE BURKE, CASPER, WYO.;
AND PAT M. STOUT, KADOKA, S. DAK., ACCOMPANIED BY
PATRICIA HOOPER; REPRESENTING THE PUBLIC LANDS COUNCIL,
THE AMERICAN NATIONAL CATTLEMEN'S ASSOCIATION, AND
THE NATIONAL WOOLGROWERS ASSOCIATION

Mr. PANKEY. Mr. Chairman, could we have your indulgence to have our research assistant sit up here with us in case we get some questions we can't field? This is Ms. Patricia Hooper.

Senator HANSEN. I see you are learning from bureaucrats who have preceded you.

Mr. PANKEY. That is Patricia Hooper, who lives in Washington, our research analyst and our good right hand.

How do you want us to do this? Do you want us to read our statements?

Senator HANSEN. We want you to do it whichever way best suits you, Mr. Pankey. I know you have come a long way. You represent a lot of people. We are extremely pleased to have you here.

You may proceed in whichever fashion suits your purposes. Each of the entire statements will be included in the record as though they had been read. If you would like to summarize them or to read them, we would be happy to have you do whatever would best suit you.

Mr. PANKEY. I will pass on reading mine and summarize what is in it.

At the outlet I would say I am speaking for the Public Lands Council which for the record is an association of 16 Western States of people who graze the public lands.

Senator HANSEN. Now you are speaking both as a member of and on behalf of the Public Lands Council of the National American Cattlemen's Association and the National Woolgrowers. Is that correct?

Mr. PANKEY. That is right. My statement we thought it was proper at this time to review somewhat the history of the grazing fee and that is in the statement. It is a long history. It has been rather stormy at times and this happens to be one of those times.

One of our main concerns recently, and listening to the testimony this morning, is that at all times we have tried to adhere to the criteria in circular A-25. At no time in our approaches has it ever been contemplated we should pay less than the fair market value.

Now the Udall formula, as we choose to call it, has caused us 10 years of consternation because we have never accepted this formula. We were under the assumption the 1966 grazing fee survey would be the basis for future formulas. We thought this was the end of the problem.

But the Senator has asked many penetrating questions this morning which I was delighted to hear you ask the administrative agencies. And one referring to permit values was a very stormy question and is still unresolved.

I might say for the record I think the real shock and trauma to the agencies was when they calculated permit value, in some instances taking all of the cost factors in the study, resulted in a negative fee. We realized this was not a stand that we could have or tolerate.

While everybody was considering their positions, they came up with this RFI which we have opposed consistently and, without fail, all these years, as a means of a multiplier or factor to adjust the fee annually.

But I would like to make clear for the record there has never been any acceptance by any of the three organizations that I represent, or any other livestock grower in the West, of RFI as a valid factor. We have many reasons for this.

We feel, due to the scarcity of private lands in the West, there is no way you can truly come up with a representative sample, because of the scarcity of the product, the scarcity of the item, to reflect what it should reflect.

As for the sale of the forage by the Federal to the user—this has been our stand for years, and has become increasingly so as evidenced by many of the remarks.

And the other factors entering into demands for private lands that are nonproductive factors as far as the nonlivestock industry, people with pleasure animals, people who want to rent land for nonproductive purposes, it has put another competition into this that bears no relation to this. This is one of our serious concerns, and this is why we have consistently opposed RFI.

At this time we have some other questions about fair market value which was touched on lightly this morning. One is the nonrecognition of the expenses we bear for the general public. We are a police force on these lands and protectors of it, and we receive no recognition for this cost, which is the maintenance of roads and fences, water, fire protection, these sort of things—rescue missions. Many a rancher has gone to rescue a hunter or recreationer.

Most of these expenses are borne out of pocket. We are glad to do it. It is our duty as citizens and users of the land. But it is a justified expense.

We are very concerned at this point, these expenses are due to the lack of consistency by the agencies. In the SRS and ERA and all of these other various initials of Government statistical agencies have not kept these expenses current.

There has been an attempt—not an attempt but a hoping the fee problem could be swept under the rug and gone away. They have not kept as much of this current as could be done with presently available statistics and no extra studies or things like this.

We have a real concern about the interpretation of many of these items that are in the cost of production index that we are asking for. I think there should be a real review of some of these and a real weighing of some of the values.

I am not sure, and I think neither is Ms. Cooper, and some of the other statisticians that they really reveal the true position or the true expense factor that is in these calculations.

As far as we can see, going back a little bit, this has been going on since 1966. There has been no peace for all of these years. I think we have a fair assumption here that there is something wrong.

I, for one, am gratified to find the Congress would take up and listen to our pleas and attempt to help us. It kind of restores my faith in the governmental process in this Bicentennial year, and I, for one, am grateful to you and to Senator Haskell.

We have been advised—we have been to the courts, the last administrative route, and now we have come to the Congress. I thank you for the opportunity to appear before you, and I would ask Mr. Leonard Horn to speak.

[The prepared statement of Mr. Pankey follows:]

STATEMENT OF R. E. PANKEY, TRUTH OR CONSEQUENCES, N. MEX.

I am R. E. Pankey of Truth or Consequences, New Mexico. We appreciate this opportunity to speak with you this morning concerning the bill, S. 3071, regarding a new grazing fee formula for public lands.

The grazing fee issue has a rather long history—administratively and legislatively. We see no need to detail every aspect of this history but do believe it is important to speak to several points which illustrate our concerns.

The first grazing fees were imposed by the Forest Service way back in 1906.

Some fourteen years later the first comprehensive study of grazing fees was conducted by the Forest Service. In 1934, still another fourteen years later, the Taylor Grazing Act went into effect which has to this date been the legislation controlling livestock forage on federal lands.

In 1958, the Comptroller General stated that grazing fees were too low—that there should be uniformity among all the collecting agencies and that the fee formula should be based on 100 percent of livestock prices. Shortly thereafter, the Bureau of the Budget issued Circular A-25 which outlined basic forage use charge concepts and based fee charges on a fair market value system.

Subsequently, a series of studies were conducted by the Bureau of Land Management in the eleven Western states to determine grazing costs and values. In 1969, the new fee system—the Udall formula—was instituted.

Since 1966, there has been a continuous proliferation of grazing fee formulas considered, discussed, discarded or filed away. A good number of them have been based on the fair market value concept. But we feel the problem with all this fee formula activity in the past decade is the lack of understanding of the basic economics of the livestock industry.

The livestock industry was born out of the essence of the free enterprise system of this nation. Livestock producers in the early days of western expansion up to the imposition of the first grazing fee, used federal lands for forage purposes as part of that system. Livestock producers have a long history of resisting and often refusing government subsidy programs because their roots are set in self-sufficiency and the abilities of the free market system to right itself if left to its natural flow. The livestock industry is not resistant to a fair and equitable grazing fee system.

However, we are resistant to grazing fees which do not take into consideration our industry-wide ability to pay those fees based on our production costs, the market situation and a valid and substantial method of determining what fair market value of federal lands should be.

We feel that the grazing fee issue has become far more political than it should and further believe that politics are taking precedence over good economics. We support the intent of the Bureau of Budget's Circular A-25 and in the spirit of that circular would support any grazing fee that reflected a true fair market value standard.

However, we are forced to question whether the "fair market value" as computed through the private land lease rate by USDA is an equitable reflection of the fees which should be charged to permittees for the sale of forage on public lands. We aren't the only ones questioning the practice of using cash per head rental rates on private pastureland as the basis for determining the fair market value. A statistician at the Economic Research Service of USDA who computes these figures told us that he couldn't honestly say that this data collection is the best or most equitable method of computing fair market value for grazing fee determination.

Apparently our concerns are valid. We have been talking about this grazing fee situation for at least ten years with the government agencies who administer federal lands, and for ten years they have periodically reconsidered their approaches to the issue. Congressional activity concerning grazing fees continues to indicate that we have made some valid points and have created some valid questions as to how to fairly and equitably determine grazing fees.

In this last year alone I have personally seen at least ten various fee formulas utilizing one, two, or all of the computation aspects which the industry feels are vital in developing a fee system that is fair and reflects the permittee's ability to pay.

Our nation's lands are truly a renewable resource and could be used most efficiently within the multiple-use concept for the various energy, food and recreation needs of this vast country. We believe that the continued uproar by citizen's groups who are concerned about preserving federal lands, perhaps born out of good intentions, are often misinformed and misdirected about how best to apply the multiple-use concept. Certainly, despite their activities in continually assessing land management, they display no particular talent or skills in assessing forage conditions or in range management techniques.

The ruminant animal plays a large part in this nation's food supply, economic structure and ecological balance on the range. Removal, or forced removal through unfair grazing fees of livestock from the public lands would certainly not help this nation economically.

We support efforts such as S. 3071 to place in our statutory system grazing fee formulas which reflect the price and production aspects of the livestock industry and its ability to pay for use of forage lands in the public domain. We believe that what is truly needed is a statutory fee and we thank Senator Hansen for introducing such a measure into Congress. Above all, we are interested in helping to develop and implement a grazing fee system which fairly represents the needs of obtaining fair market value for forage sale—based on valid data and which fairly represents the intricacies of the economics of the livestock industry at the same time.

Your consideration of our views on this subject is appreciated.

Senator HANSEN. If I may, Mr. Pankey, before we hear from Mr. Horn, let me understand what you are saying. When you were speaking about the various costs that are used in computing the grazing fee according to the formula, were you implying maybe some of the different costs had not been properly weighed by the SRS, or were there some costs that were left out and ignored that should properly be included? Could you just clarify that for me?

Mr. PANKEY. Senator Hansen, I will refer that question, if I may, to Patricia Hooper. We have discussed this at length, and I think she might have a word or two on this weighing situation.

Senator HANSEN. Very good.

Ms. HOOPER. Senator, currently the cost of production item index used in the proposed formula is taken from the second part of cost of production items of SRS statistics. In going over them the weighing may not be representative of the costs incurred in livestock production. These are all farm costs.

We believe there is probably a method where these specific costs can be extracted from SRS figures and it could be usable.

Senator HANSEN. Thank you very much, Ms. Hooper. I heard you refer to the shock and trauma experienced by Federal representatives and administrators in learning upon examination what would result in the way of a fee that could be justified if such costs as the capitalization of the interest on the value of a permit were to be included in the computations of the grazing fee.

And I thought I understood you to say in some instances it might actually result in a negative fee. In other words, I guess what you are saying is that the stockman would be putting out more total expense money in utilizing some of the public lands in given instances than would have been the amount of comparable costs in grazing upon privately owned lands that might be assumed rentable at an ongoing rate. Have I stated that properly?

Mr. PANKEY. That is right, Senator. There are some areas, and I have been in one, and I was ready to send my bill to the Forest Service, that they should pay me for grazing this area.

However, we realized that is a position that would not ever be possible. So immediately there was some tremendous searching going on here. They reexamined the basic data in this study and came up then with the thing we have contested so hotly these years, as we term it, the RFI, the range forage index. We never felt that was a true measure because of lack of comparability as was said this morning of apples and oranges.

The private lands, even the grant lands, they have in my State—those old Spaniards weren't stupid. They picked out the best lands. The homesteaders all but got the lands with the natural waters, fertile soil; that is the reason the river valleys are all in fee.

Actually when the Forest Service established its forest there, they established it on altitude level a line. That is why many of the southwestern forests have barely a stick of timber in them. They are all grasslands, and plateau, and southern Sonora desertland. So the selection process was rather poor. That is a misnomer.

Senator HANSEN. As I remember the testimony from our friends in the Forest Service and the BLM, they made the point one of the reasons the inclusion of the capitalization or the cost of owning a permit was rejected by the land management agencies was on the advice of the solicitor. It seemed to imply the recognizing and granting of a right that was not to be granted under the terms of the Taylor Grazing Act, I think.

I should not try to state precisely what was said. The record will speak for itself. But essentially that was the idea.

Now I ask you, if the cost of owning a permit could be included as one of the elements to go into the factor from which grazing fee is arrived on an animal-unit-month basis from year to year, would you be agreeable to specific language in a bill which would assert with no room left for equivocation whatsoever that the inclusion of this factor in the formula would not convey with it any right or permanent interest at all in fee grazer's right, in the grazer's exercising of the privilege to graze upon lands owned by the United States?

Mr. PANKEY. Mr. Chairman, Senator Hansen, that would be immensely pleasing to me because at this time when we had this trouble with them, we pointed out to them, and I cannot cite the Federal

cases that have been tried on this very basis, that we claimed no right, title, vested right, or any other sort of right to the Federal land. This was simply for fee computation purposes.

But these permits were readily bought and sold with both agencies being a party to it and recognizing the sale and knowing the value of the permit for whatever it sold at as a justified expense. But under no condition with us paying that could we ever imagine we would be establishing a vested right. But they found different.

Senator HANSEN. Without my trying to repeat the question three more times, let me ask you, Mr. Burke, would the inclusion of that factor in the formula under those conditions be acceptable to you?

Mr. BURKE. It certainly would, Senator.

Mr. HORN. Absolutely.

Mr. STOUT. Yes, sir.

Senator HANSEN. Thank you very much. May I hear from you now, Mr. Horn.

STATEMENT OF LEONARD HORN, WOLCOTT, COLO.

Mr. HORN, I would like to enlarge a little bit on what was said here. I worked very closely with the Statistical Reporting Service at the time they were taking the survey. And then they came out with the 16 points that we all worked with, that Ms. Cooper mentioned, that we were possibly paying too little money to the National Forest Service.

Then they decided they would have to take a factor out which was value of their lands. It was the same thing as if you gave General Motors their factories—they could make cars cheaper. It was a matter they just would not use that factor that we paid many thousand dollars for these permits.

We have no way of having the permit without it. We had to invest that money, and they would not take that into consideration. That was the point thrown out that threw the whole thing off color.

If you take the main point out, you haven't got any survey left. To me they spent \$1 million for nothing. The Statistical Reporting Service report was not what the Udall formula was because they had taken the most important thing out of it. But I had to enlarge on that a little bit. I thought they had no report out when they took the one main point out.

But this statement, Mr. Chairman, is very short. I think I will just read it. There might be room for a little discussion.

I am Leonard Horn representing the American National Cattlemen's Association and the Colorado Cattlemen's Association. We really appreciate this opportunity to talk to you in regard to bill S. 3071 on the new fee formula for public lands.

I would like to give you a little background for my interest and feeling for this type of legislation. I have been involved with Bureau of Land Management lands not only as a permittee but I was chairman of both the district and State advisory boards for many years. I was on their National Advisory Board Council for 19 years.

I was chairman of the Public Lands Committee for the American National Cattlemen's Association for 10 years and have been chairman

of the Colorado Cattlemen's Range Improvement Committee since it was organized in 1962.

This should show my extreme interest in the betterment of our public lands. We viewed it with our Federal Lands Committee, if we have trouble on lands and take another look at it such as water development. Things we can do to make the lands carry more livestock and more game. Any time we increase livestock we increase the game population.

Orville Freeman, at the time he was Secretary of Agriculture asked me to sit on his committee on Multiple Use of National Forests. The committee was composed of 12 members with only 2 livestock men on it.

I was on this board for the entire life of his committee. At the Secretary's request, we made a very complete appraisal of the 1966 study made by the Statistical Reporting Service. This was the point I was bringing out. They had 16 points out, but they took out the most important point.

We took into consideration the amount of money expended by the permittees themselves to make these lands more productive and usable by many water developments, to help remove concentrations of livestock and wildlife in some areas, and to get the use of forage in many other areas that animals were unable to use on account of long distances to water.

Permittees had also built many miles of fence to better distribute this grazing pattern.

We also took into consideration the effect it would have on the livestock industry if many of the family-size ranches continued to have to receive cuts in permitted livestock numbers and finally lose their ranches and be a burden to society.

After the finalization of our work, our committee gave the Secretary of Agriculture a unanimous decision that grazing fees should not be increased.

There have been many changes since the time of this decision but I now believe that Senator Hansen's bill S. 3071 is surely a move in the right direction and that it should be passed to tie down grazing fees in such a way that livestock men will have a chance to have a decent livelihood and continue to stay in business.

Thank you for your time and I assure you we really appreciate your consideration of our position.

Senator HANSEN. Thank you very much, Mr. Horn.

Mr. HORN. If you have any questions, I would be glad to answer them. I have had a short time to work on this, I just got back from Australia. They called me and I had to leave at 3 o'clock to get here.

Senator HANSEN. Maybe that is why you said so much in so few words. You did not have time to expand it. I think it is an excellent statement.

Let me ask you a question. Do you believe anyone seriously contends stockmen should be able to use the public lands of the West whether they be under the control of the Bureau of Land Management or the Forest Service as grazing lands without paying for the use of them?

Mr. HORN. Absolutely.

Senator HANSEN. It is not your intention in talking about points that might very well have been considered and included to suggest a formula would be devised which could result in the charging of no fee but rather to point out what you believe is the inequity in having selectively chosen certain costs and excluded others? Was that your purpose to show that?

Mr. HORN. Yes; I believe that would be a correct statement.

Senator HANSEN. Thank you very much, Mr. Horn. We certainly appreciate your being here. We note you have wide experience in this field.

Mr. HORN. I have worked with it a lot. It is hard to pick it all up here in an instance, but I feel strongly about it. I have worked with them a lot. I know we have no idea or feeling we have any ownership of the lands. It is just a matter—we know it is written in the law, that all we have is the right to use it and that is all we expect.

Senator HANSEN. Mr. Burke, we are awfully pleased to have you here. For the record, I might observe Mr. Burke is one of our most prominent citizens in Wyoming. He has served in many capacities. He was a candidate for the Republic nomination for Governor of Wyoming not too many years ago, and having lucked out once myself I must say I can appreciate occasionally even the Irish run out of luck and that was one of those times. Certainly all who know you would agree with me that you and your family have made a very important contribution to the growth and the accomplishments of the State of Wyoming.

I know also you have served in many capacities nationally for the wool growers of the Nation, and I think you have served also, have you not, on some international groups with the countries of Australia—did that include also New Zealand?

STATEMENT OF M. JOSEPH BURKE, CASPER, WYO.

Mr. BURKE. Yes. At the time, I am president of the International Lamb Coordinating Committee. Thank you for those kind remarks. We appreciate the opportunity of being here and to enter into the record some of our thoughts.

I think we are all pretty much in agreement with the Public Lands Council group, the National Wool Growers, the American National Wildlife Association, to the situation we are working on here today.

With your permission, I have a short statement.

My name is M. Joseph Burke and I am a rancher from Casper, Wyo. I have been a member of the Wyoming Public Land Users Coordinating Committee since its inception in 1967 and I am chairman of the National Wool Growers Association Public Lands and Forest Committee.

This testimony is presented on behalf of the Wyoming Public Land Users Coordinating Committee, representing approximately 2,900 grazers, lessees, and permittees of Federal lands in the State of Wyoming administered by the Bureau of Land Management and the Forest Service. The WPLUCC is an affiliate of the Public Lands Council, a joint endeavor of the American National Cattlemen's Association and the National Wool Growers Association.

We are here to testify on S. 3071, a bill to provide for determination of grazing fees. We believe all public land lessees are willing to

pay a fair and equitable grazing fee and S. 3071 incorporates the factors we consider to be essential for a fair formula; that is:

- (a) It eliminates the lease rate index which we consider a false basis for public land grazing fees;
- (b) It uses the beef price index; and
- (c) It uses the cost of production index.

The private lease rental rate is an unfair basis for grazing fees on public lands because there are so many variables which lower the actual fee paid. For example:

First. There are fewer controls on private leased lands which allows for the individual operator's judgment without restrictions.

Second. Management is often included in a private rental; the owner furnishes salt, fences, wells, corrals, loading, and handling facilities. On public lands, the lessee furnishes the management and often pays for improvements.

Third. Private rentals are usually on a short-term basis and sometimes of an emergency nature due to weather conditions or other factors.

Fourth. Most private lease deals are during the lush growing season when the livestock can benefit most, whereas public land leases are year-round and regulated as to AUM's available for use.

Fifth. Private leased land is usually more conveniently located and is accessible to highways, making it easier to move and care for livestock.

Sixth. Under the present grazing fee formula, private lease rates are being artificially raised because of increased regulations on public lands, forcing livestock producers to find other pastures. When the demand goes up, the rental fees escalate.

For greater ease of management and administration, we suggest that S. 3071 could be amended to eliminate the two groups of grazing land, combining into a single classification, and using one fee as a fair market value base per AUM.

The Wyoming BLM State Advisory Board recently passed the following resolution in support of S. 3071:

Whereas the Wyoming State Advisory Board believes that a fair and equitable grazing fee is in order for the privilege of grazing livestock on the national resource lands; and

Whereas such a formula has been introduced into the Congress of the United States reflecting the two primary variables in livestock raising, i.e., the price of beef and the cost of production; Therefore be it

Resolved, That the Wyoming State Advisory Board endorses the passage of Senate Bill No. 3071 which reflects these indices of the USDA in the grazing fee formula.

Senator HANSEN. If I may interrupt you at that point, let me say I have a letter from the Governor of Wyoming which includes as a cover letter a copy of the Governor's letter to Mr. Steve Quarles. It is a short one, and I will read it.

It is dated April 28, 1976,

MR. STEVE QUARLES,

Staff Counsel, Subcommittee on Environment and Land Resources, Senate Interior and Insular Affairs Committee, Washington, D.C.

DEAR MR. QUARLES: I would appreciate it if you would include the attached statement in the hearing record on S. 3071.

Yours sincerely,

ED HERSHLER.

with carbons to me, to Mr. David Flitner, and to Mr. Ken Kreuger. Mr. Flitner being president of the Wyoming Farm Bureau Federation, and Mr. Kreuger being president of the Wyoming Stockholders.

Do you know if this has been entered into the record?

Mr. WILLIAMS. That is the first time I have seen it, Mr. Chairman.

Senator HANSEN. I am certain sooner or later it will get in, whether Mr. Quarles may have received the original or not. With the uncertainty of the mails it is not any guarantee he has, so I shall offer this one.

Thank you for letting me interrupt you.

[The statement of Hon. Ed Herschler, Governor of the State of Wyoming, follows:]

STATEMENT OF ED HERSCHLER, GOVERNOR OF WYOMING

BEFORE THE SUBCOMMITTEE ON ENVIRONMENT AND

LAND RESOURCES, SENATE INTERIOR AND

INSULAR AFFAIRS COMMITTEE

Mr. Chairman, I offer these views in support of S. 3071, a bill to provide a new formula for determining grazing fees. Passage of this legislation is necessary to mitigate the hardship caused by federal grazing fee increases of 385% over the last eight years. Besides adding to operating expenses, the grazing fee increases have lessened the value of lease permits, causing a loss of capital assets.

The problem is that the present method of calculating grazing fees is based upon the concept of obtaining "fair market value" as compared to private lease rates. The inequity of this results from the fact that when the lands in the west were homesteaded, those pioneers selected the best lands available, primarily those with water. The lands not capable of being irrigated were left as part of the public domain. Consequently, almost all of the lands, particularly in Wyoming, that were of any material value became privately owned.

Prior to the Taylor Grazing Act, most ranchers in the west used the public lands for grazing at no cost. They came to depend upon those lands as a means to get their stock off private lands during the summer so that hay and feed grains could be grown there

Statement

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for winter feed. The fact is that the public lands are very poor providers during most of the year. Yet the federal government has established a grazing fee at approximately \$1.96 per animal unit month. This price is not in direct relation to the value of the land but is actually established on the basis that the average rancher has no other place for his livestock during the summer.

Consequently, a new system for determining a fair price for the use of the public domain should be established. The federal government now sets a value for its land without regard to the financial return realized by the rancher, based upon some ephemeral market value which has no basis in fact or fancy.

The virtue of this bill is that grazing fees would be related to beef prices and production costs. This formula will result in a determination based upon the realities of the situation instead of incorrect assumptions about land values.

I urge prompt and favorable action upon this bill.

C O P Y

WYOMING
EXECUTIVE DEPARTMENT
CHEYENNEED HERSCHLER
GOVERNOR

April 6, 1976

Honorable Thomas S. Kleppe
Secretary of the Interior
United States Department of the Interior
Office of the Secretary
Washington, D. C. 20240

Re: Your reference 4115.21C (330)
12205

Dear Mr. Secretary:

Just recently I received a letter from Senator Clifford P. Hansen in which he enclosed a copy of a letter that you directed to him under date of March 19, 1976, regarding the increase in grazing fees on public lands administered by the Department through the BLM. I read your letter with interest and I realize the dilemma which your department faces in establishing the fair market value (FMV) for the use of federally owned resources. I also noted with interest the lease rates that you quoted for private lands as compared with the FMV grazing fee for public lands, and I can understand your concern when you compare the private land lease rates with the FMV grazing fees on public lands, because there is a considerable difference in these two areas.

As you know, Mr. Secretary, when the lands in the west were homesteaded, those early day pioneers selected the best lands that they could obtain. The primary concern of those homesteaders was that they have water for irrigation for the lands and any lands that did not have an adequate supply of water were left as part of the public domain. Consequently, almost all of the lands, particularly in Wyoming, that were of any

Honorable Thomas S. Kleppe
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material value became privately owned. Many of the later homesteaders tried to make a living on some of the remaining lands, but unfortunately they "starved out" and as a result some of those lands were acquired by some of the more affluent ranchers or were returned to the public domain.

As you know, prior to the establishment of the Taylor Grazing Act, most ranchers in the west used the public lands for grazing at no cost whatsoever, and frankly those lands were used as a convenience to the ranchers to get their cattle and sheep away from their privately held lands during the summer months so that hay and small grains could be grown thereon. Of course, after the enactment of the Taylor Grazing Act, permits were granted to those ranchers and grazing fees were charged. Unfortunately, however, many of the employees of the BLM made a determination that the public domain being used by the ranchers for grazing had comparable value with the lands that were privately owned, and I am certain that these same people have continued in that belief until the present time. I frankly do not feel that the value of these lands is comparable in any respect to most private land leases and the fact that the private land lease rates for 1975 are now approximately \$5.75 per AUM is not in fact a true figure and would unfortunately be more than such amount if in fact the lessee could afford such. The private land owner must establish his rates based upon what the traffic can bear and to me the \$5.75 per AUM is not a FMV. Considering the actual land values in the west, I am certain that if you were looking at the true value you would find that the FMV for privately owned lands would average considerably more than \$5.75.

By comparison, the BLM is now looking at the FMV of the public domain in establishing a grazing fee at approximately \$1.96 per AUM. To be perfectly honest with you, most of those lands would not produce a bucket of oats to feed a nightmare, and I feel that you have established a FMV that is not in direct relation to the actual value of the lands but is actually established on the basis that the average rancher has no other place to

Honorable Thomas S. Kelppe
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put his livestock during the summer months, and you do in fact, have him over the proverbial barrel.

What I am, in fact, saying to you, Mr. Secretary, is that a new system of determining what is fair and equitable for the use of the public domain should be established. As I pointed out above, the private land owner is acquiring rentals based upon what the rancher or farmer can pay as the result of his return from the value of his livestock. This, I do not think, is the determination made in establishing fees for the BLM. It would seem to me that the Bureau establishes a value for its land without regard to the financial return realized by the rancher or farmer and simply takes some farfetched market value which has no basis either in fact or fancy. I would sincerely hope that you might re-evaluate the method by which such grazing fees are determined and take into consideration that the rancher does not have the luxury of rejecting the use of the public domain. You must realize that if the rancher rejects your permit because of the fee structure established by the BLM, then he runs the risk of losing his grazing permit forever and has no other government agency to turn to to find another place to graze his livestock.

I greatly appreciate your indulgence and I would hope that you might reconsider the Department's position in making a determination of the values for such grazing fees on the public domain.

With every best wish and kindest regards, I am

Yours sincerely,

EH:b

cc: Honorable Floyd K. Haskell
Honorable Gale McGee
Honorable Clifford P. Hansen



WYOMING
EXECUTIVE DEPARTMENT
CHEYENNE

ED HERSCHLER
GOVERNOR

April 2, 1976

The Honorable Floyd K. Haskell
Chairman, Subcommittee on Environment and
Land Resources
Senate Interior and Insular Affairs Committee
3106 Senate Office Building
Washington, D.C. 20510

Dear Senator Haskell:

I am writing in support of a bill introduced by Senator Hansen, S. 3071, to provide a new formula for determining grazing fees. The bill is in response to grazing fee increases averaging approximately 50% recently announced by BLM and the Forest Service.

The increases will result in a substantial hardship upon Wyoming stockmen. According to a report by the Agriculture Economics Department at the University of Wyoming, a ranch with 460 head of cattle, receiving half its forage from BLM land, will experience a decline of \$1500 net income a year. A 275-head operation, receiving one-fourth of its forage from BLM, will lose \$600 a year.

The state's economy and the livestock industry cannot afford these losses. The survival of some ranches will be at stake. Elsewhere, the ability to borrow money, repay loans, and finance rangeland improvements will be lost.

The Wyoming Farm Bureau Federation reports that Wyoming producers receive approximately 16% of their forage from federal lands. According to the BLM, Wyoming ranks first in the nation for numbers of animal units authorized to graze on federal lands, second in the sale of forage and number of

Floyd K. Haskell
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operators having grazing authorizations, and third in total federal grazing acreage. More than 3100 Wyoming ranches utilize federal grazing. Most of the BLM land in Wyoming is used by domestic livestock sometime during the year.

In 1974, Wyoming accounted for an estimated 2 million animal unit months on BLM land. This provided receipts to BLM of \$1,513,000, of which \$287,819 was returned to the state.

In its 1970 report, the Public Land Law Review Commission recommended that Congress revise the grazing fee system. The rapid increases decreed by the executive branch in recent years give further testimony to the need for basic changes. Before 1905, no charge was made for grazing on public lands. In 1968, the fee was 33¢ per AUM. A system was adopted in 1969 which would have increased fees to \$1.23 by 1979. That system has now been discarded and we are presently facing fees of \$1.50.

Present fees are based upon "fair market value" and an index related to private lease rates. Under Senator Hansen's bill, the measures would be beef prices and costs of production. These factors are more relevant to the situation and more easily verified than those now in use.

I would appreciate it if you would include my remarks in your hearing record.

Yours sincerely,

EH/dsh

cc: The Honorable Clifford P. Hansen
 The Honorable Gale McGee
 The Honorable Teno Roncalio
 Mr. David Flitner, President, Wyoming

Farm Bureau Federation

Mr. BURKE. We tried to get a copy of it before I left Casper yesterday, but were unable to do so. If you have it, it is not necessary to send it in. However, we would be glad to get it otherwise.

Federal grazing lands are an increasingly important food production resource. With limited usable cropland and its diversion to supplying grain for direct human consumption, the production of red meat will be more and more dependent upon rangelands.

Lessees of Federal lands are, in effect, the caretakers of that land, performing services that the Bureau of Land Management and the Forest Service are not equipped to furnish. As stated above, we are certainly willing to pay a fair and equitable grazing fee and we believe S. 3071 will establish such a fee. With the establishment of a statutory fee, livestock producers using Federal lands will have an opportunity to make some long range plans thereby helping to stabilize the livestock industry according to the stated purpose of the Taylor Grazing Act.

Senator HANSEN. Mr. Burke, I think the State of Wyoming has one of the best records, and has had for a number of months, in the percentage of its work force that is unemployed. Is the presence of the livestock industry in the State of Wyoming a factor in bringing about the very favorable economic climate that we have in the State in contributing to the tax base, the support of our schools and counties?

Mr. BURKE. They certainly are. They are certainly doing their best to keep the unemployed employed. If you can find anybody to go to work, he can get a job on the ranges and ranches of Wyoming today. As well as other industry, too, of course.

Senator HANSEN. Tourism is important to the State of Wyoming, and we have lots of energy and mineral developments going on in the State. We also have an important agricultural economy as well. Is it your opinion diversification is helpful in stabilizing the economic picture in a State?

Mr. BURKE. I would say so. The reason I would say agriculture, particularly the financial resources of grass which is a renewable resource, and all of the uranium and oil and coal and the rest are extracted with proper management we will still have the renewable resource of grass and we will still be able to provide fiber and food for people of the United States.

Senator HANSEN. I referred this morning to Charles Kroll, a friend of yours and mine, who served for sometime as chairman of the Wyoming Game and Fish Commission. I recalled for the record a statement he made about his observations and that of his family during the years in which he has lived in the State, and his awareness of the increasing numbers of game animals and of upland birds as well. Do you share the opinions and conclusions that Mr. Kroll has expressed at a hearing in Casper?

Mr. BURKE. I certainly do, Senator, and I have observed it myself over the years, from my childhood to the present day as to the dispersment of game as well as the increase in numbers.

Years ago it was very rare in large parts of the State to see any game, whereas today there is game in every single section of the State. And not only one species but many, many species of birds and large game, too.

I could also enlarge a little bit on the fact of what Mr. Flitner said in his testimony. That during recent years, the last 2 years in fact, there has been some decrease in game numbers due to the increase in predator numbers. But outside of that, and I would say the stewardship of the ranchers is the big factor.

It was not the Game and Fish people, although they did their share. But if it had not been for the ranchers trying to provide the facilities to cover the seed and the water and everything that was necessary to increase those game hunters—

Senator HANSEN. How long have your family been in Wyoming?

Mr. BURKE. My father came in 1901. We started an outfit in 1906, and have been in continuous operation ever since.

Senator HANSEN. Thank you very much, Mr. Burke, for your statement.

Our next witness will be Mr. Stout.

STATEMENT OF PAT STOUT, KADOKA, S. DAK.

Mr. STOUT. I feel very strongly about this. I will take about 5 minutes. I feel very strongly about this.

My name is Pat Stout. I am from Kadoka, S. Dak. I am a rancher and a director of a grazing association as well as a public lands council member.

I appreciate this opportunity to speak to you concerning Senate bill 3071 and grazing fees.

Senator HANSEN. Where is Kadoka?

Mr. STOUT. About 85 miles east of Rapid City.

The Forest Service lands in South Dakota, which are primarily grasslands, total 685,000 acres. This land grazes about 28,000 cows for a 6- to 8-month season. Gross income is about \$780,000 or about \$28 per cow.

I do not believe that the people in this room or in the Forest Service realize what an integral part these public lands are to our ranching operations. Mel Bellinger of the Washington office of the Forest Service said on March 23 when he was in Rapid City that he did not think it was fair to base the price of grazing on whether it was going to make or break a profit. Let me tell you, ladies and gentlemen, we all seem to forget too frequently that the cow that weans a calf or sheep that weans a lamb is what is paying the rancher's rent.

I did a little calculating with the help of our county auditor and added all association member real estate and personal property taxes in Jackson County—\$125,000 for 1975. Grazing fees for 1976 were \$125,000. We apply this to the larger areas in all South Dakota grazing district statistics which is 3.4 times our grazing association, or about \$850,000. Above this would be income tax of about \$900,000. This would represent \$5,000 per member. I think this a very conservative figure because if I do not average paying \$10,000 per year in income taxes, I will have to refinance because anything less does not meet my payments.

These public lands we use lie within ranchers' lands in a checkerboard pattern. The Bankhead-Jones Act and the Taylor Grazing Act took this into consideration, and I thought it a very good approach to community stability as well as a grazing supplement.

To put it bluntly, this past year all hell has broken loose. Grazing fees increased 50 percent, 70 percent, and in some cases, 300 percent. This Forest Service is imposing regulations that are next to impossible to live with. The Forest Service is moving away from the use of commensurability requirements and trespass fees of unconstitutional proportions are being imposed—whether trespass be willful or negligent. This would be mainly on BLM land, but in all fairness to the directors in my State some of these remarks in my State relate to the BLM. There is a total unconcern and uncompromising attitude in the local boards who have been diminished to nothing more than policemen for the Forest Service.

Senator HANSEN. Let me interrupt, Mr. Stout, to ask a question or two. You started that paragraph to read:

To put it bluntly, this past year all hell has broken loose. Grazing fees increased 50 percent, 70 percent, and in some cases 300 percent. This Forest Service is imposing regulations that are next to impossible to live with. The Forest Service is moving away from the use of commensurability requirements and trespass fees of unconstitutional proportions are being imposed—whether the trespass be willful or negligent.

Now, referring back to the increase in grazing fees. Would that include trespass fees or grazing fees?

Mr. STOUT. A calfman operating at an animal unit month and BLM, that is approximately 1.6 under the new rating.

Senator HANSEN. That is \$1.60 per month?

Mr. STOUT. Per head per month AUM. Now on grasslands fee basis that calf is \$3.44, but if this is not locked into a cow-calf operation and I see I might make a little better money as compared to private lease rates, switching into yearlings, I am then charged \$5 a head. We didn't particularly want to get into that today, but that is what that 300 percent means. It is charged on an animal unit month basis. It makes that a \$5 a month charge which is 320 percent of \$1.60.

Senator HANSEN. In order to be fair to the Forest Service, may I ask the way you arrived at the 300-percent increase in grazing fees would include partly the result of the consequences of a personal decision on your part to go from a cow and calf to a yearling. Would that be fair to say?

Mr. STOUT. Yes; then some areas of the BLM land are still charging on the animal unit month. They are not charging the extra part. That is why I say it is 300 percent more on forest grasslands.

Senator HANSEN. I think it is important we have a clear understanding of what the facts are. So may I say as I understand your statement it would not be accurate to leave anyone with the impression that arbitrarily the Forest Service—or maybe I should not use the word "arbitrarily"—but the Forest Service has imposed a new way of computing fees which would result in a 300-percent increase on a given kind of animal this year as compared with last year? Would that be fair to say?

Mr. STOUT. I think for the record if I would say through the inconsistencies of some permits between BLM and grasslands there is a difference of 320 percent. Would that explain it? In some instances—not many but a few. This should be standardized.

Senator HANSEN. Thank you very much.

Mr. STOUT. Due to the situation of these public lands it is a stable component both ways, both public and private. There are, however, over 180 ranch families that could not otherwise function as a food producing unit if the fee goes too high or the rules are not to some extent controlled by the district grazing boards.

The Statistical Reporting Service of USDA which supplies data to Government agencies to use in the calculation of grazing fees is the poorest of poor criteria to use as a basis for fees because:

The South Dakota April 7, 1976, Crop and Livestock Reporting Service lists calves as selling for 52 percent of parity. How can you pay fair market price for forage at 100-percent parity and pay for it with a 52-percent parity calf base—and make a profit?

The Crop Reporting Service could be using fee affidavits from roping steers, pleasure horses, and rates that include substantial amounts of farm and tame improved pasture ground as opposed to public lands being native pasture. The permittees pay for all improvements and maintenance of Federal lands—the landowner pays this on private lands.

Our Forest Service grassland AUM fee is \$3.44. BLM's fee is around \$1.60. This is over twice as high. Therefore, we are being charged right out of pocket the 50 percent that is spent on improvements. Forest Service personnel deny that this is their reasoning, but letters I have state it just that way. What other reasons could there be for our double fee?

Federal land grazing permittees must be able to derive a profit within their grazing periods and fee charge rates or public and private land people alike are not going to be there.

Maybe we have been a little too rough in our input, but I hope for the first part I got your attention. I can foresee the first question I will be asked, and one I have heard for many years. The question is—what makes you ranchers think you are so important? We could just assess our membership, Sierra Club or whatever, 20 cents per member and that would be more money than you now pay in as ranchers on those public lands.

I will answer the first part because that is easy. We are alone a lot—talk to ourselves and besides I haven't heard anyone else saying nice things about us.

The second part is a little tougher but I will tackle it. I answer this question like the housewife giving her husband a really bad time and he said, "Honey, I don't know why you are doing this. You know I would gladly die for you." She said, "You are forever saying that but you never do it."

I will tell you, environmentalist help would be greatly appreciated by us. I would like to plow up some ground for bird habitat but the ecological survey alone—it was \$900 last year—would be charged to my grazing fee fund. I don't think it's fair for me to have to pay these costs when I am making a big effort to create wildlife habitat at my own expense.

I am not the only rancher in this situation. I have worked for 30 years with wildlife people and am starting to get low on gas. When you have 18,000 acres of prairie dogs in one prairie dog town, and

they are harder on the land than any man, and no hope of controlling them, it is hard to say "environmentalist" in an endearing way.

Thank you for your time.

Senator HANSEN. Mr. Stout, let me ask you to refer back to the third page of your testimony. The third paragraph on the third page reads, "Our Forest Service grassland AUM fee is \$3.44. BLM's fee is around \$1.60." Are those lands fairly comparable in the amount of forage they produce?

Mr. STOUT. Senator Hansen, let me put it this way. The way I would like to see this fee is the way that has been explained by the rest of the board. I think the BLM lands in the hill are very comparable. It is better than some of ours in South Dakota. As far as the pounds of beef, this RFI figure, I don't think it would significantly differ. It seems we are moving away from the 11 acres or less, or 11 acres or more, and this is saying the same thing.

Senator HANSEN. I did not mean necessarily to try to justify what has been done. I think maybe the two fees were structured initially on a different set of criteria. As I understand it, the Taylor Grazing Act, among other things, had, as one of its purposes, the stabilization of the livestock industry. I doubt if the same sort of mandate was ever given the Forest Service.

I was curious to know, in the area you have knowledge of, if essentially the same amount of forage and grass would be produced on BLM group per acre as you would find for the forest?

Mr. STOUT. I want to be completely honest. I think probably what prompted the strong word in that respect is we put up with the 13 pages of rules and regulations on the grassland that extract from the value of it, and the BLM land is afforded this land without these, and in some cases it can even sell the permit. That is why that paragraph is worded rather strongly.

Senator HANSEN. Do you livestock raisers, cattlemen, and sheepmen have herders with their animals on the forest?

Mr. STOUT. As I said earlier, they are a checkerboard pattern.

Senator HANSEN. The forest lands are checkerboarded too?

Mr. STOUT. Yes.

Senator HANSEN. I guess you have anticipated the second part of my question. You don't have herders with the livestock on the BLM lands. For the most part, they are all fenced lands are they?

Mr. STOUT. I think they are. To elaborate on the question you have asked, every other one I think I have a good report on that in my RPA response of how they have increased. If you like, I would include it for the record.

Senator HANSEN. Very fine. It will be included in the record without objection.

[The attachments to Mr. Stout's statement follow:]

STOUT'S LM RANCH,
Kadoka, S. Dak., Oct. 14, 1975.

CHIEF, FOREST SERVICE,
U.S. Department of Agriculture,
Washington, D.C.

DEAR SIR: The entire theme of the RPA is wrong. To suggest that, in order to maximize recreation, wildlife and wilderness areas, we need some kind of "trade-off" simply is not true. Domestic livestock grazing on these lands has been very

helpful and compatible with these uses. A few dams were built in WPA days, but all developments—water, pasture pitting, fencing, auto gates, are built and paid for by livestock people. All repair comes right from the pocket of grazing people. If grazing and timber were minimized for purposes of recreation, some other form of income (taxes) would have to be levied to replace the millions that now pay salaries from grazing and timber income. If “to some people” grazing of public lands is maximized, it is justly so. The livestock grazing end of public land use is one of the few things that government does that is profitable and at the same time enhances all other users. Myself and many members of the Grazing Association (60 members) have lived here all our lives and are very proud of management and improvements, both on our private land and public land within our ranch units. To suggest that we use this land at the cost of other users is not well taken. Most all of the recreation enjoyment of these lands has been because of our management, not in spite of our management. Game animals that have gone from almost zero in numbers to the thousands on lands we manage are Whitetail and Mule deer, Pronghorn, pheasants, ducks, and Canadian Geese. These animals increase and are compatible with cattle under past and present range use. The only animals that are competing are prairie dogs in our area. Some research must be done to control these rodents while preserving the Black Footed Ferret or the rancher himself may be listed in the vanishing specie act.

The American system will not work if the opinions and decisions of people in these areas are not considered. The people are justly proud on a local level of the good job they have done. To put it politely, they do not think kindly of programs that suggest it can be done better at a national level. We want it understood we endorse no part of this RPA summary, but if it should become law, the corrections that follow would be necessary.

Sincerely yours,

PAT M. STOUT,
Chairman, W. R. Grazing.

SUPPLEMENTAL TO PATRICK STOUT TESTIMONY, APRIL 30, 1976

FACTS

Public grazing lands are lands that were rejected by homesteaders and declared submarginal by the U.S. Government or reserved to limited grazing because of their multiple-use potential.

Public grazing lands are used only for grazing by the permittees. They are used under rigid supervision and control. Permittees are required to comply to certain management and compliances on their private lands in order to qualify for public land permits.

Public lands have generally been used as a part of the ranch unit by the permittees for long periods of time and their regular use is a necessary part of the economic success and existence of the ranch operation.

Fair market value is not a fair criterion for determining a grazing fee formula. Family ranch operators cannot and do not pay fair market price for their grazing as a standard practice on a regular basis in the same percent of their total operation as is the percent of public land used by the average permittee.

Fair market price is paid by ranchers faced with an emergency such as drought, hail or fire. An operator willing to speculate on the cattle market, a purebred raiser with a high per animal income or a corporation or livestock owner can, for tax reasons, benefit financially by losing money in the cattle business. A cow-calf operator, who is the prime user of public lands, cannot.

Senate Bill S. 3071 provides for a fair way to determine grazing fees on public lands. The factors and methods for computing the fees will provide for a fee system that will allow continued good management for the government and maximum food production for this nation.

STOUT'S LM RANCH,
Kadoka, S. Dak., April 8, 1976.

JOHN R. MCGUIRE,
Chief Forest Service,
Washington, D.C.

DEAR MR. MCGUIRE: Thank you for your letter of March 25 to Jim Abdnor, which was forwarded to me. I imagine this letter was constructed by Bill Evans with whom I visited while in Phoenix, Az. in January at the American National Cattlemans Association convention. This was a very well written letter telling just what rights as grazing people we do not have.

The main purpose of my representation of a 60 member grazing association is to greet them with a positive approach, and what we can do for their rights and also for their dollars. Grazing fees and taxes I checked on and amount to over \$250,000, just in this one small part of Jackson County, in SD.

Somewhere along this line of escalated grazing costs, we must be allowed some rights along with our "privileges". From 1956 to 1975, prices have increased thus: cattle 118 percent, BLM fees 566 percent, fuel 196 percent, labor 107 percent, repairs 122 percent. Data and chart enclosed includes through 1975 only. If we use the 50 percent increase (70 percent on grasslands) in 1976 and add this to the chart we have between six and ten times the increase in cost compared to one or two times the cost of inflation of other items. Surely if we must give a return equal to private land lease rates for this Forest Service land, we should expect some concessions afforded private lease rate and a reasonable allowance for our maintenance.

The March 23, 1976 meeting in Rapid City, SD was an expensive ordeal for about 50 ranchers—distances are far. For myself I was quite disappointed, not that I could expect all of our ideas put into practice, but that there was a total indifference by the service to even record our complaints.

There are in our opinion many inappropriate and unjust practices that are being inflicted on us on the spot now. When these injustices are agreed upon by the service, we want the same now action that is given us as when the injustices are imposed. If we must wait until some years hence or even until after election there will be some ranchers that will be bankrupted.

Please send me prior to April 23, if you can, a brief that the Forest Service (Mel Bellinger) should have, of the Rapid City March 23 meeting. Also I would like to know the changes that can be expected this season. BLM pays about \$1.60 for yearling animal unit months. We pay very close to \$5 yearling animal unit months. My allotment is limited to 2,000 animal unit months, my bill is \$10,005. This is an injustice to us. That is to say that in your Range Forage Index this year in grassland it is worth 320 percent more than it is in BLM when you run yearlings. I am not going to be able to hold still until some of these things are corrected.

Senator Hansen's Grazing Fee Bill hearings will be in Washington on April 23. I would like to meet with Jim Abdnor and Mel Bellinger on that day, if only for minutes.

Sincerely yours,

PAT M. STOUT,

Director, White River Grazing Assn., Director, Public Lands Counsel.

Senator HANSEN. Now one final point. Are you speaking about game animals here?

Mr. STOUT. Yes.

Mr. PANKEY. Does the committee have a definition of what the Bankhead-Jones Act lands are?

Senator HANSEN. Would you ask that again? I am not certain everyone on the committee is fully aware. It might be helpful—

Mr. PANKEY. I would not attempt to describe it in detail right now, but the Public Lands Council, if you would permit us, we would like to submit the history and the background of the acquisition of the Bankhead-Jones Act lands and how they came about and the history they have had to the present date.

Senator HANSEN. I think that would be very useful.

Mr. PANKEY. They have had quite a past in arriving at the fees on the lands. They have been in a no-man's position. This is why I asked Mr. Stout to come over here and bring this before the committee. It concerns many other States besides North and South Dakota. It is Oklahoma, Kansas, Colorado, Montana has quite a number of these lands, and I believe Wyoming has some of them.

Senator HANSEN. I think that is true. Don't we have some in Wyoming?

Mr. BURKE. Yes. In the Thunder River Basin.

Mr. PANKEY. Some of these lands are like any other land. Some are great, some are marginal, some are better than they were, and I am gratified the committee will listen to Pat's story, to take an interest in it. It needs solution.

Senator HANSEN. At the risk of exposing my abysmal ignorance, are these lands that were purchased in the 1930's when the agricultural economy was in severe trouble?

Mr. PANKEY. This is what prompted it, Mr. Chairman. What started it was the Oklahoma-Kansas dust bowl. They went in there buying these lands just to get the people enough money to move in, to try to find a way of life.

Senator HANSEN. Are they sometimes referred to in Wyoming as LU lands?

Mr. BURKE. Yes.

Mr. STOUT. Some of them were rejected. The biggest share was homesteaded and deserted but some were rejected.

Senator HANSEN. Does any other member of the panel have any further observations?

Mr. PANKEY. No, Mr. Chairman. We would close if you have no further questions. And I would like to make these remarks. That we are extremely grateful for this hearing, and I want to compliment the committee this morning for the very searching and penetrating questions that were asked the administrative agencies. In fact, you gave our testimony for us. And I am glad you asked these questions, and I hope you receive satisfactory answers. We will try to contribute all that we can.

The one thing I would like to have the record left open for us to go back through our files and come up with what we understood the 1966 grazing fee study was, all of the factors that were to be in that study. We will have to go back through the American national files to get this, but I know we have it somewhere. I think this would be helpful to the committee.

We are glad you have introduced your bill that has the beef prices in it and the cost of production. We think these are valid expenses. We can see a ray of hope now for a little peace and quiet in our industry which we badly need, and not bothering this issue any more and all went to work.

Mr. HORN. I would like to echo what Rubin said. I would like to thank you and the committee, and to the chairman and to Senator McClure, how much we appreciate your time and interest and your knowledge. You fellows are really knowledgeable. It was worth a lot to us to have somebody listen to us and know what we are talking about. We appreciate it an awful lot, Senator, and thank you so much.

Senator HANSEN. Those are very kind words, and I appreciate them. Let me say it was my privilege to be here this morning with the representatives of the Bureau of Land Management appearing as witnesses along with the Department of Agriculture representing the Forest Service. I know these people personally. I have great respect and high regard for them. I think they are dedicated public servants trying to do the very best job they possibly can, trying always to search out what they believe is in the highest and best public interest. I never questioned their motives or integrity.

I want to say this because I could be misunderstood, but I tried to draw out their thinking by questions this morning. I think this hearing has served a very useful purpose in bringing to the attention of the public facts that may be too little understood or known.

If we can bring about an increased public awareness of what the facts are, that attend the survival or demise of the range stock arrangement in the West—if people could understand this complicated and involved business as those of us who are in it understand it, they would want to stand by and see it go the way of the buggy and of the draught horse.

Yet oftentimes not understanding it, being persuaded by advocacy journalism, which is all too apparent too many times in these days, I think we could be unwitting or at least the victims of widely held public misconception. You gentlemen and the ones who have preceded you today have done a fine job in bringing about a better understanding of how this business works.

I would hope as that increased awareness and increased appreciation for the intricacies of the business become generally known we will move legislatively and administratively to effect changes which will make possible something I think is an important part of this country, something that is colorful and I think an important part of the West. This Nation would be poor indeed if we were to lose it.

Mr. STOUT. I want to thank you again. I made one statement in here about unconstitutionality I should have remarked on at the time I went by it. This is a personal opinion. It may offend the Service and their regulations, but to me a lobby becomes unconstitutional upon its implementation if it infringes on the rights of the people in that area. It doesn't have to be tried in court. It is just my opinion it is unconstitutional, but if they have a different opinion it doesn't make it not so.

And thank you again.

Senator HANSEN. Thank you very much. Anyone else to be heard before the hearing is adjourned? If not, let me say the hearing record will be kept open until May 14 or perhaps later if there should be some reason to hold it open longer than that in order that any written statement may be included in the record. Some others may perhaps have wanted to be here but were unable to be. You might take that word back with you.

Mr. PANKEY. Mr. Chairman, I am sure there will be a written statement submitted from the Rocky Mountain States by Herb Mutter, and I will check up on that.

Senator HANSEN. Thank you again, and the hearing will now be adjourned.

[Whereupon, at 3:50 p.m., the hearing was adjourned.]

APPENDIX

ADDITIONAL MATERIAL SUBMITTED FOR THE RECORD

THE

LIBRARY OF THE

NATIONAL GRANGE,
Washington, D.C., May 5, 1976.

Hon. FLOYD K. HASKELL,
Chairman, Subcommittee on Environment and Land Resources, Committee on
Interior and Insular Affairs, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: The National Grange can see absolutely no justification for the increase of nearly 50 percent in the grazing fees charged permit holders for grazing cattle on public land. Therefore, we must oppose such a drastic increase in these charges by the Forest Service (FS) of the U.S. Department of Agriculture and the Bureau of Land Management (BLM) of the Department of the Interior.

The Grange also asked for deferrals in 1969, 1971 and 1975. The deferrals to the next year were granted in 1969 and 1975. The President intervened in 1971 to hold the increase from 10 percent to 3 percent. We supported the deferrals and the reduction in the increases then because we did not believe it was fair to the cattlemen, who, at the time, were in a financial bind.

We cannot see that the western cattlemen are in any better financial condition now than they were in the early 1970's. In setting grazing fees we believe you should consider, in addition to the forage factor, the cost of production and the cost of the animal. It is unfair to set the fee entirely on "fair market value" of the grassland.

I would like to point out that we still are fighting inflation and an increase of 50 percent certainly will not help us in that battle. Also the government has under consideration new beef grades which will allow less fat in beef cuts, thereby encouraging more cattle being fed out on grass, resulting in a saving of grain for other domestic uses and export.

It is for these reasons that the Grange is in strong support of S. 3071 to provide for the determination of grazing fees. S. 3071, as you know, sets up a formula that reflects not only the relative value of the forage but, more importantly, the return to the rancher for his livestock.

In our judgment this is far more equitable to the rancher than to charge a flat, set fee for each "animal unit month of grazing," regardless of range condition or the economic returns to ranchers.

Therefore, in light of the economic position of the western cow-calf operator, the general economic condition of the nation, the trend toward more grass-fed beef and anticipated changes in the Taylor Grazing Act, we respectfully request that the announced 50 percent increase in grazing fees be withdrawn.

I have attached to this letter a copy of a petition that was circulated to users in the western states. I do not know how many signed this or similar petitions, but it is an indication of the position of permit holders. I also am attaching a letter from the Master of the Leadore Grange No. 341, Mr. Earl W. McRea, Leadore, Idaho, which is self-explanatory.

We urge the Subcommittee and the full Committee to report out with a do-pass recommendation S. 3071. The farmers and ranchers need your help.

We respectfully ask that this letter and the attachments be made a part of the hearing record.

Thank you.

Sincerely,

JOHN W. SCOTT, *Master*.

Attachments.

ATTACHMENT No. 1

PETITION SENT BY USERS TO CONGRESSIONAL DELEGATION, MARCH 10, 1976

We, the undersigned, livestock permittees of the Salmon National Forest feel the conditions contained in the applications for our 10 year term Grazing Permit, that we will be forced to sign, in order to graze our livestock on forest lands for the 1976 to 1986 grazing seasons are dictatorial, unconstitutional, discriminatory and completely unacceptable.

That the fence maintenance assigned to us by the local ranger is arbitrary, unfair and discriminatory. The time allowed us to protest the condition imposed on us is very limited and for some of the still uniformed Permittees is nonexistent.

We therefore request that swift and exact action be taken to grant us at least a year's extension to our grazing permits to formulate a protest action for the unfair and discriminatory conditions imposed on the Livestock Permittees by the U.S. Forest Service.

We also feel due to the depressed economic condition in the livestock industry and many ranchers on the verge of bankruptcy, the grazing fee is unreasonable and we ask that a moratorium be declared on increase fees until the economic condition of the livestock industry improves.

ATTACHMENT No. 2

LEADORE GRANGE No. 341,
Leadore, Idaho, April 11, 1976.

National Grange Master JOHN SCOTT,
Washington, D.C.

DEAR MR. SCOTT: If ever the Patrons of Husbandry need help it is now. For several years the ranchers of this area have been heckled and harassed by the forest service. Most of this harassment has been in small ways that have hurt and irritated but has not maimed our ability to make a living. It has now reached a point where it is impossible to live with the forest rules and regulations. Because the situation is urgent we are bypassing the regular channels for bringing a resolution before the grange.

The ranchers living in this area want to protect the forest for the simple fact that we are ranchers and farmers. Our livelihood is here but so is our pleasure. If we didn't feel this way we would never endure the hard work and 20 hour days, cold weather and managing without the things we need.

Once in a while we can "take a day off" and go up on the forest lands to get some dry wood to be used for fence posts or for firewood to heat our home next winter. We only want dry, dead wood. Green or living wood is too heavy to handle without big equipment. We use a chain saw and an axe. Gathering dry wood is helping to clean the forest which permits grass, bushes and new trees to grow and create watersheds. It helps to hold down forest disease and do away with pitfalls that trap and consequently kill wildlife as well as domesticated animals that are grazing on the forest. Grazing utilizes the grass and helps prevent tinder beds. We buy a wood permit and if we have forest grazing rights we buy grazing permits. We pay for the chance to help preserve our forest lands. We also pay a full share of taxes.

When the trees are ready for harvest the lumber companys buy the timber and send crews in to cut the mature timber for lumber, thus creating an almost unlimited number and variety of jobs and naturally bringing more taxes paid.

Now the forest service comes up with orders that wood must be cut in four foot lengths. To be of any use as a fence post the wood pieces must be six to eight feet long. Four foot long wood wastes our time and our gas. We can only haul half as much wood in short lengths as we can in long lengths. Most people stockpile their winter's supply during the summer then saw it in usable lengths in the winter when there is time to do it. Forest lands are only accessible during the summer. During fire season we are not allowed to use a chain saw.

If we need poles the ranger will mark the trees to be cut. One man will be refused a polt permit or else given one fifty miles away from home and in an inaccessible area. His neighbor will be allowed the same type permit, very close at home, the next day.

The forest is not required to keep up their share of fence where that fence is shared by private property.

Forest access roads have been blocked off by digging huge pits in order to keep people from going off the main forest road then any dry wood that is accesible has been piled and burned by forest crews. Thus making it impossible for anyone to harvest firewood on forest lands and also neglecting any care of the forestland where it cannot be seen from the road. This has been a big issue.

Timbering crews were not allowed to remove dead trees along the creeks. These trees are falling into the creeks thereby daming off the water so that the ranchers don't have irrigation water and causing a great deal of land erosion and road washouts.

Ranchers are being forced to buy permits to have an irrigation ditch cross forest lands even if the ditch is the natural creek bed.

Ranchers are forced to buy a permit to gain an access right of way to their private property that is surrounded by forest land, yet that same road must be open to the general public.

The forest supervisors and rangers here claim the right to change permits or contracts to suit their particular whim but insist that ranchers must abide by the contract or permit. Inconsistency seems to be the key by which the forest service administers.

Last year the district ranger shut off one man's irrigation water to create a pond for the girls scout camp. Consequently that man's crop was jeopardized. The water was a decreed right.

The grazing fees for forest permittees this year are higher than private fees but private pasture is not available. Ninety three percent of Lemhi county is government owned.

Ranchers holding forest grazing permits are told that if they object to or ignore any of the orders given by the district ranger they will lose their range rights. There we have outright blackmail which has been a common practice for some time.

This year all of the grange members who work for the forest have refused to renew their grange membership. When asked why they simply say, "We will help the grange projects all we can but don't want to renew our membership." The rumor is that they have been told that they will lose their job if they belong to the grange.

Some of the ranchers here are grange members and some are not but we have all reached a point where we must either fight or stop trying to make a living.

We are asking National Grange to work with our congressional delegation to bring pressure on the Washington Forest Service to correct these unfair practices being brought to bear on the ranchers in Lemhi county.

There has been a great deal of abuse of the 'special use' permits. Information on this can be obtained in Congressman George Hansen's office in Washington, D.C.

We concur with the ranchers protests in all phases. The Salmon Chamber of Commerce concurs and pledges their support to the ranchers. The Lemhi ranchers have asked for congressional subcommittee hearings and we want them held in the West not in Washington, D.C.

More information may be obtained from Doug Smith in Washington, D.C. He is Interior Specialist for Senator McClure.

Donald O. Peterson, Leadore, Idaho is 'contact man' for our congressmen and will help with information or explanations. Phone number 208-768-2462.

Harvey E. Peterson, Leadore, Idaho. Phone number 208-768-2492 is representing the Leadore Grange No. 341.

Both Donald Peterson and Harvey Peterson are ranchers and will be easier to contact in the early morning or later in the evening.

We would like very much to know if you can help, if you will help and what is being done.

Respectfully,

EARL W. MCREA, *Master.*

NATIONAL WILDLIFE FEDERATION,
Washington, D.C., April 27, 1976.

HON. HENRY M. JACKSON,
Chairman, Senate Committee on Interior and Insular Affairs, Russell Senate Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: This responds to your invitation to comment upon S. 3071, "to provide for the determination of grazing fees." We request that this letter be made a part of the hearing record for the current hearings.

This proposal sets up a statutory method of computing the fees which shall be charged by the appropriate Federal agencies for grazing upon public lands and national forests and grasslands.

For many years now, the National Wildlife Federation has supported the principle that the American public should receive fair market value for its products—oil and gas, hard rock minerals, timber, etc. The same principle should apply to forage. There is no valid reason why the Federal government

should subsidize commercial livestock operations any more than it should subsidize lumbering or mining.

The current method of determining grazing fees has been in effect since 1968 and, if uninterrupted, is designed to achieve fair market value by 1980. The current system is based upon the fair market value of \$1.23 per animal unit month (AUM) effective in 1966 and provides for adjustment by an index computed from the average rental rates paid by ranchers for private forage in the 11 western states. In effect, the index is an inflation factor and results in a fair market value of \$1.94 per AUM in 1976.

It is our opinion that the formula proposed in S. 3071 is neither necessary nor desirable. The current method has a greater flexibility to meet changing conditions and the formula proposed in the bill likely would result in a fee lower than that for fair market value. Further, we do not believe there is any sound basis for dividing fees by sizes of acreages or for the differentials in fees.

To conclude, Mr. Chairman, we recommend against favorable consideration of S. 3071.

Thank you for the opportunity of making these observations.

Sincerely,

THOMAS L. KIMBALL,
Executive Vice President.

ROLLING RIDGE FARMS,
Pittsburgh, Pa., May 10, 1976.

Re S. 3071—Grazing Fee Changes in BLM Organic Act.

Hon. HENRY JACKSON,
Chairman, Committee on Interior and Insular Affairs, Senate Office Building, Washington, D.C.

DEAR SENATOR JACKSON: We support the beef cattle industry's plea for an equitable formula on grazing fees on the public lands based on fair market value, including variables of cattle prices and production costs.

We would appreciate your considering our point of view during the hearings on this matter.

Yours very truly,

HAROLD J. SCHNEIDER.

SIERRA CLUB,
Washington, D.C., June 1, 1976.

Hon. FLOYD HASKELL,
Chairman, Subcommittee on Environment and Land Resources, Committee on Interior and Insular Affairs, Senate Office Building, Washington, D.C.

DEAR SENATOR HASKELL: The Sierra Club would like to submit the following comments for the record on the merits of S. 3071, a bill to provide for determination of grazing fees.

The Club must express opposition to S. 3071 as there is no reason to legislate grazing fees and the grazing fee formula set forth in the bill establishes a fee at less than fair market value. Legislating a grazing fee which is below fair market value amounts to a subsidization for only a very few livestockmen and further endangers the rangelands by encouraging permittees to run as many domestic livestock on the public domain as they can.

This latter point deserves elaboration. The state of rangelands under Bureau of Land Management jurisdiction has received a great deal of publicity due to two BLM reports released last year: "Effects of Livestock Grazing on Wildlife, Watershed, Recreation and Other Resource Values in Nevada," and a general report on the conditions of rangelands submitted to the Senate Appropriations Committee. These reports address themselves at length to the precarious condition of the public domain: conditions which can be directly attributed to overgrazing. On-the-ground studies conducted by our field representatives and others corroborate the findings of these two studies: perennial grasses and forbs are severely endangered and are rapidly being replaced by rabbitbrush, juniper and other unpalatable vegetation; loss of grasses has caused massive soil erosion which in turn has led to stream siltation. Many allotments being utilized now are so devoid of vegetation desired by livestock that it is difficult if not impossible to justify their being open to grazing. The rangelands on the public domain in the West are sustaining perhaps permanent damage to their diverse ecosystems: this problem (and it must be remembered that we

are speaking of over 100 million acres) will only be further exacerbated by legislating a grazing fee as low as the one in S. 3071.

In fact, the ecosystem with its component parts of soil, water, air and dependent life forms is given no consideration at all. The importance, interdependence, and continued viability of the physical and biological components of the ecosystem escape attention to the detriment of both public and private concerns and interests. One component of this system which suffers from this neglect and oversight is wildlife. Overgrazing has a devastating effect on wildlife. Past and present use has seriously encroached upon and impaired wildlife habitats, particularly critical areas of winter or summer ranges, fawning and calving grounds, sagegrouse booming, nesting and rearing areas, and the aquatic environment and its fisheries. Damage of streamside cover with accelerated streambank breakdown resulting in increased sedimentation which smothers spawning and rearing areas of resident and anadromous fisheries can be listed as prime examples of aquatic environmental concern.

Another component is domestic livestock and the long-range interests of livestockmen. Lower grazing fees may appear attractive in the present and immediate future, but overgrazing will not be abated and in a few years many pastures will have to be closed. This is hardly in the interest of livestockmen, given the disparity in prices between fees on public lands and fees on private lands which they could be forced to rely more heavily upon.

It is, therefore, not in the livestockmen's interest, nor the public's, to aid in accelerating resource deterioration. And it is certainly not in the public's interest to receive less than fair market value for its forage under the proposed formula.

A further concern is the land classification into Group I and Group II lands for the purpose of establishing a base fee. This system appears to be without merit and unjustifiable as fees should, as they are now, be based on the amount of available forage. The present method of calculating fees based on AUM's takes into consideration the condition of the allotments while the system proposed in the bill does not. Presently, the permittee gets a greater number of acres of land producing small amounts of forage than he would for lands producing a greater quantity of forage. This should be maintained.

Finally, we wish to briefly address the issue of range improvement fees stipulated in S. 3071. We do not contest the need for range improvements: we obviously feel very strongly that the rangelands are in poor condition and should be attended to. However, to legislate range improvement fees without considering the parameters of the term "improvement" is unacceptable to us. Some "improvements" which have been made have had severe adverse ecological effects (such as chaining) and many of the thousands of miles of fences in the West have been constructed without any consideration for indigenous or migratory wildlife.

Thank you for your consideration of our comments.

Sincerely,

LINDA M.B. HAVERFIELD,
Research Associate.

WILDLIFE MANAGEMENT INSTITUTE,
Washington, D.C., May 13, 1976.

Hon. FLOYD K. HASKELL,
Chairman, Subcommittee on Environment and Land Resources, Senate Committee
on Interior and Insular Affairs, Senate Office Building, Washington, D.C.

DEAR SENATOR HASKELL: The Institute is opposed to S. 3071. That bill would totally negate the publicly accepted grazing fee program established in 1969. It would prevent public land grazing fees from reaching or maintaining fair market value and thus would constitute a discriminatory subsidy to public land grazers. The bill is not in the best interest of the resource, the overall livestock industry, or the public. It is inimical to the free-market economy of this country.

S. 3071 would neutralize the Independent Offices Appropriation Act as it pertains to grazing fees. That Act directs that fees be fair and equitable to the public and the user, self sustaining, uniform among agencies, and subject to federal executive policy.

The then-Bureau of the Budget followed up the IOA Act with Circular No. A-25, Section (b) which states, "Charges are to be determined by the application of sound business management principles, and so far as practicable and

feasible in accordance with comparable commercial practices." S. 3071 would not conform to that publicly acceptable policy.

It does not require a sophisticated economic analysis to identify the problems in S. 3071. A little thought will reveal that the public could not receive fair market value for its forage under the formula proposed.

The formula has only one working part, the combined index. That index is multiplied by a constant to get fair market value. For Group I lands the constant is \$1.70. For Group II lands it is \$1.40. Neither of these numbers change, they always stay the same.

The fee must rise or fall, therefore, according to changes in the combined index number. That number is determined by subtracting a cost of production index (CPI) from a beef price index (BPI) and adding another constant, 100. That constant never changes. Thus, for the combined index to change, the BPI must increase or decrease more than the CPI, or vice versa. For fees to increase, the difference between BPI and CPI must widen. For fees to decrease, the difference must lessen. Therefore, if fees are to continue rising in future years, the gap between beef prices and the cost of producing agriculture commodities must keep widening. That is impossible.

Prices and cost of production will not continually stray apart in a free-market economy. Instead, producers would produce more and additional production would come into the industry to take advantage of profit opportunity. As production goes up, prices come down. This means, in effect, that there is no way to increase grazing fees under S. 3071 to account for monetary inflation. And inflation is a major factor for the livestock industry or any other. There could come a time, assuming any rate of inflation continues, when the cost of administering grazing on the public land could become more than the fees received.

Although the effects of the BPI-CPI formula in S. 3071 are completely unacceptable because of the virtual freeze they would place permanently on grazing fees, there are other questionable aspects that the Committee should recognize.

First, we know of no reasoning or studies supporting the \$1.70 and \$1.40 constants used in the recommended formula. Why were these figures used?

Secondly, the CPI portion of the formula is based on nationwide data which has little if any relationship to regional range livestock production costs. The index includes prices paid for such extraneous items as seed, poultry feed, fertilizer, baby chicks, turkey poults, household furnishings, tobacco, labor and taxes. It equates the expenses of livestock growers using public rangelands with such labor-intensive agriculture as citrus production, tobacco farming, and truck farming. The CPI is completely unrealistic for the western range use and would assure that the CPI remain very close to the BPI. In fact, it could cause the CPI to exceed BPI wherein the federal government theoretically would have to pay grazers to run cattle on the public land.

Lastly, Mr. Chairman, we cannot support the idea of dividing rangeland into categories according to productivity. The rationale for doing that reportedly is because livestock on poorer range have to walk further to eat their fill. That is true. But an AUM is about 800 pounds of forage any way you cut it. If an animal has to walk so far to get sufficient forage that weight gain is slowed, such range should not be grazed at all! The basis for AUM determination always has been forage availability, not acreage.

Livestock grazing is a beneficial use of the public land. We support scientifically managed grazing programs. Continued attempts by permittees to keep from paying fair market value for forage, however, is fanning a public uprising which may soon call for complete removal of livestock from the public land. We think that would be unfortunate and urge the Committee not to report S. 3071.

Please have this letter made a part of the hearing record.

Sincerely,

DANIEL A. POOLE, *President.*

BOHRNSEN RANCHES, INC.,
Philipsburg, Mont., March 24, 1976.

Senator FLOYD HASKELL,
U.S. Senate,
Washington, D.C.

SIR: I was very much pleased to read of the U.S. Senate's voting down the latest livestock growers attempt to manipulate the Bureau of Land Management

grazing fees. We salute you, sir, for your refusal to go along with this robbery and for your remarks in the March 22, 1976 issue of the Western Livestock Journal.

Very seldom in past years has there been a bigger rip-off of public lands revenue than that which BLM lessees are attempting. It would be reasonable for the BLM (and the Forest Service) to charge \$5 to \$6 per AUM (cattle) instead of the ridiculously low fee that is presently the case.

Congressmen must be getting weary of the timeworn crying of the livestock men, i.e.: higher fees will break them resulting in a shortage of meat and of wool . . . people will be thrown out of work . . . economy of western states affected, etc., etc. With a government subsidy like this, I am amazed the livestock people that lease BLM (and FS) grazing don't shut up and be grateful for their immense good fortune.

We hear over and over about the 100 percent or 200 percent increase in grazing fees; 100 percent or 200 percent of almost nothing is still almost nothing. A 400 percent increase in BLM or FS grazing fees in this day of sky-rocketing land prices would still be a good—a very good bargain.

I believe the fault primarily responsible for the unrealistic low return of grazing revenue from public lands is the lack of a satisfactory bid system. When timber is sold from FS or BLM lands, a base price is established which covers administrative costs plus a reasonable public return. Bidding over and above this establishes the fair market value. There is no reason such a system could not be worked out on a ten year lease bid program for grazing and I would be curious what this grazing would bring if it was put out on bids.

In closing, I thank you again for your timely action and hope more congressmen will begin to see the light. I am a cattle rancher and we lease both public and private lands of which the latter runs us from \$6 to \$10 per AUM.

Yours truly,

NORMAN V. BOHRNSEN, *President.*

JOINT STATEMENT OF COLORADO WOOLGROWERS' ASSOCIATION AND COLORADO
CATTLEMEN'S ASSOCIATION

This statement is being presented jointly on behalf of the Colorado Woolgrowers and the Colorado Cattlemen as these organizations represent the vast majority of permittees grazing domestic livestock on Bureau of Land Management lands principally in the Western portion of the United States.

They wish to thank the Honorable Senator Hansen of Wyoming for having introduced Senate Bill 3071 and also to thank the Honorable Floyd Haskell of Colorado for holding hearings on this much needed legislation.

The Colorado Cattlemen's Association has a membership of 5,500 of which 43 percent run on the federal lands and the Colorado Woolgrowers Association has a membership of 2,500 of which 70 percent run on the federal lands. However, public land grazing is a concern of all livestock operators. It is, and should be, the concern of everybody interested in the red meat industry in America as the public lands are where most lambs and calves originate to go to the feed lot and eventually to the consumer. It should also be the concern of everybody living in the public lands states. Even though people do not get involved in these issues, they feel the burden of high fees. For example, this year alone the fifty cent increase in fees cost the western states approximately thirteen million dollars which could have been used as purchasing power in the western United States. Practically all operators who use public lands are totally dependent on raising livestock for their livelihood. They are required to own commensurate property in order to lease public lands and are therefore quite aware of the responsibility of caring for all the lands in order to have the renewable resources available for that livelihood.

The livestock industry has never supported the present formula known as the Udall-Freeman formula which is based on range-lease index as there is no comparison in private land versus public lands. The formula is also outdated because of the Wild Horse Act which now places a bigger burden on operators. These animals drink the water and eat the feed close to the water and forces the operator to haul water, in some instances, five or ten miles from the established water holes. Also, the Executive Order banning the use of toxic poison for predator control on public lands has caused a ten to fifteen percent higher loss rate as compared to private lands. The National Environment Protection Act also furthers the comparison between private and public lands.

Senate Bill 3071 gives the industry the ability to pay concept. As cattle prices go up and cost of production either stays the same or goes down, the fees will surely escalate, but the industry is ready to accept this as they will be able to pay.

We are asking for two minor changes in the Bill. The industry will go along with the one tier concept with \$1.51 as the base as the agencies feel it will be a simple method. Thus we would delete from S. 507 on page 2—lines 3 through 24 and on page 3—lines 1 and 2 and insert following: "for such grazing which shall be computed by multiplying \$1.51 by the beef prices minus the cost of production plus one hundred. All land will be designated as one group.

Even though we have asked for a roll back of \$1.51, we will go along on this as long as beef prices minus cost of production is used. We are asking for the \$1.51 to be used as a base rather than the \$1.70 and \$1.40. Even though it is a very high rate, we feel it will be more acceptable because there have been three moratoriums placed on the present formula because the livestock industry was in a depressed situation.

COLORADO WOOLGROWERS PUBLIC LANDS COMMITTEE,
NICK THEOS, *Chairman*.
COLORADO CATTLEMEN'S PUBLIC LANDS COMMITTEE,
LAWRENCE PHELPS, *Chairman*.

MEEKER, COLO., April 16, 1976.

Senator FLOYD K. HASKELL,
U.S. Senate,
Washington, D.C.

DEAR SENATOR HASKELL: On behalf of the Public Lands Council, I would like to thank you and tell you how much we appreciate all you are doing for the livestock industry. We have just adjourned an annual Public Lands Council meeting held in Denver, Colorado at which time we discussed grazing fees at length.

We voted to support the following grazing fee formula:

$BPI - COP + 100 \times \$1.51 = \text{fair market value on a 5-year rolling average}$

I hope to be able to attend the hearings on the 30th. Would you please let me know what the deadline date is for getting time on the agenda. We want to be there representing the Public Lands Council, National Cattlemen's Association, National Woolgrower's Association and the Colorado Cattlemen and Woolgrowers.

Reuban Pankey will be there definitely to represent the PLC and I am going to try to be there for the Colorado industry.

This is a very busy time of year as we are shearing and starting to lamb so if I can't make it I will submit written testimony.

Thank you. I will be more specific when I know the deadline date for time.

Sincerely,

NICK THEOS,
President, Public Lands Council.