

Fair Grazing Fees on Public Lands

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Controversy over public land grazing fees dates back to the beginnings of Federal government management of public rangelands in the western United States (Secretary of Agriculture and the Interior 1977). A great deal of this controversy stems from Federal directives that these fees reflect a fair market value. The purpose of this paper is to examine a procedure to establish public land grazing fees which addresses the subjective concept of fairness in the term fair market value.

Federal land management agencies are directed to collect a fair market value for livestock grazing under the Federal Land and Policy Management Act of 1976. The most common method used to calculate fair market value is the comparable market approach (Obermiller and McCarl 1982). This approach defines fair market value as the price at which a publicly provided good or service would be exchanged in a competitive marketplace. However, problems of market comparability arise when attempting to apply prices observed in competitive markets as fair market value for livestock grazing in Federal government created markets (Obermiller 1984). These problems are the result of two Federal market structures: (1) a dominant market seller who dictates offered quantity and price; and (2) assigned allocations to buyers, i.e., holders of Federal livestock grazing permits.

Given the comparability problems between private and Federal markets, requirements to determine a fair market value should not be based solely on market value comparisons with competitive markets. It is the authors' contention that fairness of market value within a Federal market can be developed by the process of grazing fee establishment in public land management.

To develop our contention, this paper describes management techniques formulated by Hans and Annemarie Bleiker to aid public managers in project implementation. A case study of livestock grazing fee implementation is presented for the Malheur National Wildlife Refuge. Actions by both Refuge administrators and Oregon State University (OSU) personnel are outlined. By following the Bleikers' techniques, these actions brought elements of procedural fairness to the grazing fee establishment process.

Bleiker Management Techniques

Under the Bleiker management philosophy, a public administrator seeks to implement a project (for example,

a livestock grazing fee system) by forming a substantial, effective agreement on a course of action. Achievement of this agreement means that all affected parties allow a course of action to be implemented without taking veto actions such as lawsuits or administrative appeals. Incentive and means to initiate veto actions still exist among negatively impacted parties, but actions are not taken to prevent implementation.

To form this agreement, informed consent is required for all parties involved in the process. Informed consent is best defined as an attitude of "going along with" a proposed course of action even though its implementation may have negative impacts on some individuals (Bleiker and Bleiker 1983b). An informed consenter may basically dislike what is proposed because she or he understands the costs, risks, or sacrifices imposed upon them. However, an informed consenter grudgingly goes along with its implementation based upon fulfillment of process related values (examples being due-process, equality, and honesty) within the decision-making process (Bleiker and Bleiker 1983a).

The Bleikers (1983b) have laid out five minimum ingredients for developing informed consent of all interested parties. They are:

- 1) A policy change proposal addresses a serious problem, one that needs to be addressed;
- 2) Your organization is the right one to be addressing this problem;
- 3) Demonstrate to all parties that the problem solving, decision-making process is a reasonable approach to solve this problem;
- 4) All potentially affected interests are being listened to, even the concerns of your fiercest opponents;
- 5) The recommended solution solves an important problem and, on the whole, its implementation is better for *everyone* than if no action is taken.

There are no guarantees that informed consent will be developed. Management actions taken to fulfill these ingredients serve only to maximize a public administrator's chance of developing informed consent (Bleiker and Bleiker 1983b).

It is the actions taken by public land managers to fulfill these minimum ingredients that bring elements of procedural fairness to the process of public land grazing fee establishment. Judgements of procedural fairness are assessed from the process of grazing fee system implementation. Drawn from psychology, the concept of procedural fairness refers to an individual's perception of fairness within procedural components of a social system (Leventhal 1980).

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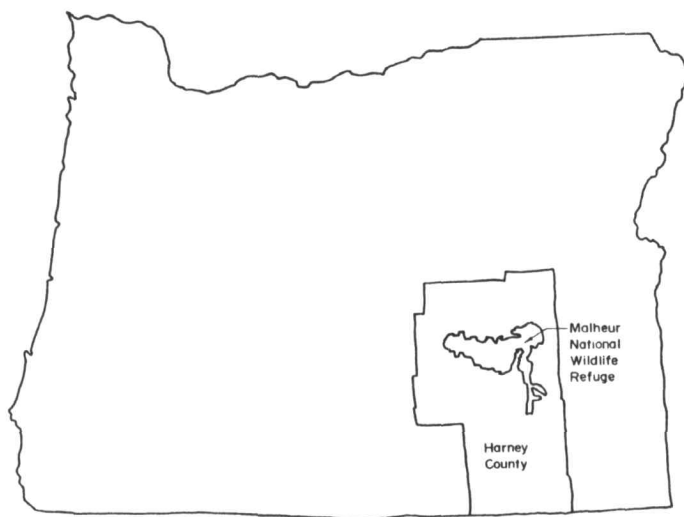


Figure 1. Location of Malheur National Wildlife Refuge and Harney County, Oregon.

Case Study of the Malheur National Wildlife Refuge

Grazing Program Description

The Malheur National Wildlife Refuge is located in Harney County, Oregon (Figure 1). It was established in 1908 to serve as a preserve and breeding ground for native birds. Livestock grazing on the Refuge has been an important vegetation management tool since the 1930s. Grazing is used to remove excess vegetation from flood irrigated pastures. Presently, most livestock use occurs in the form of rake-bunch grazing. Under this system, forage is harvested in late summer, bunched in piles, and grazed from October through February. A limited amount of hay is also harvested from the Refuge. During the 1987-88 season, the Refuge provided about 40,000 Animal Unit Months (AUMs) of livestock forage to local ranchers.

The institutional structure of the Refuge grazing program is similar to Bureau of Land Management and Forest Service grazing programs. Permits for grazing or haying on the Refuge are assigned to the same individuals on a continual basis even though permit duration is one to two years. Grazing fees and quantity are set by Refuge management. However, unlike other Federal grazing permits, Refuge permits are non-transferrable and carry no guaranteed pasture or minimum level of use.

The U.S. Fish and Wildlife manual states that fair market value of livestock grazing can be determined by either: (1) competitive bidding; or (2) a survey of private market grazing lease rates. Historically, Refuge grazing fees have been established by a survey of private grazing land lease transactions in Harney County. Since 1977, surveys have been done every three years by personnel from OSU. Using survey data, a comparable market approach was used to establish grazing fees (Schmisser 1977).

This process of grazing fee establishment began to unravel in 1984. Based on survey results, a grazing fee of \$4.33 per AUM was recommended on the Refuge (Schmisser 1985). Whereas the past two surveys each had 15

lease transactions covering over 25,000 AUMs, the 1984 survey covered only six leases with about 5,500 AUMs. Based on Refuge permit holders' concerns over this 17 percent increase from a limited private market sample, a local Congressman intervened in June of 1986. Refuge grazing fees were frozen at 1981 levels to allow a committee to evaluate the process of grazing fee establishment. Starting at this point, the entire grazing fee establishment process was restructured by the Refuge manager to follow Bleiker management techniques.

Refuge Grazing Fee Establishment Process

This section outlines actions taken by Refuge administrators and OSU personnel to develop informed consent. These actions and the reasoning behind each one are categorized under the five minimum ingredients. Management techniques were chosen carefully by Refuge administrators based on a citizen participation needs assessment for the Malheur National Wildlife Refuge. Since development of informed consent is a time consuming and costly process, such an assessment allows managers to pinpoint techniques for achieving informed consent of all parties involved at a reasonable cost. Because the management actions described below were tailored to the Refuge situation, they may not be applicable to other public land management situations. A brief summary of the entire grazing fee establishment process is outlined in Table 1.

Table 1. Summary of the Grazing Fee Establishment Process for the Malheur National Wildlife Refuge.

	Date
A) Formation of the Grazing Fee Review Committee	September 1986
B) Recommendation report issued by the committee	December 1987
C) Meetings with Refuge permit holders	January 1988
D) Survey of Harney County private land grazing & haying leases and lease cost information	January/February 1988
E) Issuance of OSU grazing fee report (Obermiller and Collins 1988)	April 1988
F) Public forum and written comment period on grazing fee report	June-August 1988
G) Refuge manager grazing fee recommendation to U.S. Fish & Wildlife Service Region 1 director	September 1988

1. Refuge grazing fee establishment addresses a serious problem.

Action: The Refuge manager made projections both orally and in written form of three outcomes that could occur if the current grazing fee situation is allowed to continue.

Reason: Provide emphasis to Refuge permit holders that an inability of Refuge management to meet legislative mandates and implement a "fair" grazing fee system might have negative connotations for livestock grazing on the Refuge.

2. Right organization to be addressing the grazing fee problem.

Action: Formation of a Grazing Fee Review Committee to act as a forum for consideration of a variety of grazing fee alternatives.

Reason: Re-establish the creditability of Refuge management through a consensus agreement of parties involved on how to establish Refuge grazing fees.

Action: Conduct formal meetings with Refuge permit holders.

Reason: Educate them on the grazing fee establishment process and allow for individual input into the process.

3. Demonstrate a reasonable problem solving, decision-making process for Refuge grazing fee establishment.

Action: Several changes were made during the fee process in the amount of discounts given on grazing fees when permit holders were assigned previously idle fields or fields with infestations of noxious weeds.

Reason: To convey to interested parties how problems within the grazing fee establishment process were being solved and then how subsequent difficulties arise from these solutions.

Action: Collection of data on livestock death loss and protein supplementation on private versus Refuge leases.

Reason: To show implementation of constructive evaluation into the fee process in order to address permit holder concerns that these two grazing costs are higher on Refuge than private leases.

Action: Use an average net return to forage in the private market to value Refuge forage.

Reason: This valuation approach serves to approximate permit holder use value for Refuge forage. Use value is regarded as the most appropriate valuation given the institutional constraints which exist within Federal forage markets (Obermiller 1984).

4. All parties potentially affected by the Refuge grazing fee are being listened to and their concerns are heard in the grazing fee establishment process.

Action: The Grazing Fee Review Committee was designed to include representatives from all possible sides of the Refuge grazing fee issue, i.e. permit holders, local county officials, nonpermit holder ranchers, groups with environmental and wildlife concerns, and university personnel.

Reason: Diverse interests serve to legitimize a committee when all sides of the grazing fee issue gain adequate consideration of their views at the committee stage and a consensus agreement on grazing fee recommendations is achieved.

5. The recommended Refuge grazing fee solves an important problem, and though it may have a negative impact on someone, this fee system is, on the whole, better than continuance of the present situation.

Action: The Refuge manager formulated three possible consequences of being unable to implement a grazing fee system: (1) elimination of livestock grazing on the Refuge; (2) imposition of a national fee system outside of

local control; and (3) competitive bidding instead of the present permit system.

Reason: These outcomes were formulated to convince affected parties that a recommended fee system is better than allowing the present situation to continue.

Concluding Remarks

The end result of the grazing fee establishment process on the Malheur National Wildlife Refuge was a recommendation to adopt a \$4 per AUM base value for Refuge livestock forage. On idle or weed infested fields, discounts of 5 to 40 percent were given to reflect poor quality forage. These discounts were based on average cost differences for protein supplementation on the Refuge compared with private leases.

This end result was achieved with no attempts to veto its implementation primarily due to management techniques developed by Hans and Annemarie Bleiker. These techniques incorporated elements of procedural fairness into the Refuge grazing fee establishment process via public participation mechanisms such as review committees and meetings to allow input into the process. A similar concept of fairness derived from the process to establish grazing fees can serve as a guide to determine what is "fair" in the term fair market value, required for resource pricing by Federal management agencies.

The addition of procedural fairness elements to public land management is very costly and time consuming to all parties involved. For the Refuge, the grazing fee establishment process took about two years to complete. Public participation in the process effectively doubled management time and effort to implement Refuge grazing fees compared to implementation without procedural fairness elements.

Because of the costs involved, the objective of including procedural fairness elements into establishment of public land grazing fees should be implementation of a solution to this problem. The purpose of these elements is not to elevate process above achievement of an outcome or to force public land managers to abdicate their management authority. Rather, the Bleiker management techniques serve to insure that public land managers involve the public in decision-making and justify to all interested parties why any recommended solution is preferable to continuance of the present situation.

References

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Current Literature

This section has the objective of alerting SRM members and other readers of *Rangelands* to the availability of new, useful literature being published on applied range manage-ment. Readers are requested to suggest literature items—and preferably also contribute single copies for review—for including in this section in subsequent issues. Personal copies should be requested from the respective publisher or senior author (address shown in parentheses for each citation).

Distribution of Cattle on Slope without Water Restrictions; by W.D. Willms; 1990; Can. J. Anim. Sci. 70(1):1-8. (Research Sta., Agric. Can., Lethbridge, Alta. T1J 4B1) From a study on a uniform 25% slope, it was concluded that providing water only at the top of slopes will synchronize the time cattle require water with daytime site preference.

Effect of Row Spacing on Biomass Production and Aboveground Harvestability of Russian Wildrye; by A.J. Leyshon, H. Cutforth, J. Waddington, and P.C. Rymes; 1990; Can. J. Plant Sci. 70(2):555-558. (Research Sta., Agric. Can., Box 1030, Swift Current, Sask. S9H 3X2) Individual Russian wildrye plants were larger and more robust when seeded in 60-cm compared to 15-cm rows but total biomass yield was similar.

Effect of Simulated Rainfall on Herbicide Performance in Huisache (*Acacia farnesiana*) and Honey Mesquite (*Prosopis glandulosa*); by Rodney W. Bovey, Robert E. Meyer, and Steven G. Whisenant; 1990; Weed Tech. 4(1):26-30. (USDA, ARS, Texas A&M Univ., College Station, Texas 77843) Concluded that most oil- and water-soluble herbicides were not readily removed by intense rainfall 15 minutes after application to honey mesquite or after 1 hour to huisache.

Effects of Nitrogen Availability on Growth and Photosynthesis of *Artemisia tridentata* ssp. *wyomingensis*; by Paul S. Doescher, Richard F. Miller, Jianguo Wang, and Jeff Rose; 1990; Great Basin Nat. 50(1):9-19. (Dept. Rangeland Resources, Ore. State Univ., Corvallis, Ore 97331) Increasing soil nitrogen by fertilization greatly increased leaf area and growth of big sagebrush, leading to the conclusion its competitiveness may be enhanced by increases in soil nitrogen following consecutive years of below-average precipitation or the weakening of perennial grasses through overgrazing.

Feed Preferences and Habituation of Sheep Poisoned by Locoweed; by M.H. Ralphs, K.E. Panter, and L.F. James; 1990; J. Anim. Sci. 68(5):1354-1362. (USDA, Poisonous Plant Res. Lab., Logan, Utah 84321) Sheep show neither initial preference nor addiction to locoweed but may acquire preference (habituation), this based on pelleted rations fed in drylot.

Fire in Pacific Northwest Ecosystems; Proceedings: 1990 Pacific Northwest Range Management Short Course; by Thomas E. Bedell (Ed.); 1990; Dept. Rangeland Resources, Ore. State Univ., Corvallis, Ore. 145 p. (Dept. Range Resources, Ore. State Univ., Corvallis, Ore. 97331; \$10) Consists of 15 papers on fire including prescribed burning on Pacific Northwest range and forested vege-tation types: historical aspects, effects on vegetation, fire pres-criptions and planning, and air quality.

Forage Intake and Utilization by Suckling Range Calves; by R.P. Ansotegui, J.D. Wallace, K.M. Havstad, M.K. Petersen, and M.L. Galyean; 1990; Amer. Soc. Anim. Sci., West. Sect. Proc. 41:268-271. (Dept. Anim. & Range Sci., Mon. State Univ., Bozeman, Mon. 59717) Concluded that young calves become forage grazers and active ruminants at around 45 days; at 66 days of age calves were similar to mature cattle in organic matter intake per unit of body weight and in digesta kinetics.

Grass Seed Production Guide for Utah; by H. Horton, K.H. Asay, T.F. Glover, S.A. Young et al.; 1990; Utah Coop. Ext. Cir. 437; 22 p. (Agric. Bulletin Room, Utah State Univ., Logan, Utah 84322; \$1.50) Provides general information on establishment; management, harvesting, and seed certification; also special information on 16 selected grass species.

Grasslands: The Future of CRP Land after Contracts Expire; by Ralph E. Heimlich and Olaf E. Kula; 1990; J. Prod. Agric. 3(1):7-12. (Land Econ. Branch, Resources & Tech. Div., USDA-ERS, Wash-ington, D.C. 20005-4788) Discusses the projected primary factors that will influence landowner decisions beginning in 1996 on retaining CRP grasslands.

A Guide for Prescribed Fire in Southern Forests; by Dale D. Wade and James D. Lunsford; 1989; USDA, For. Serv. Tech. Pub. R8-TP 11; 56 p. (USDA, For. Serv., Southern Reg., 1720 Peachtree Road, NW, Atlanta, Ga. 30367-9102) Provides background and instruc-tions for planning and executing prescribed burns in Southern forests.

Leafy Spurge Control: 10 Years of Research Enhancement; by Cal-vin G. Messersmith and Rodney G. Lym; 1990; N. Dak. Farm. Res. 47(6):3-6. (Dept. Crop & Weed Sci., N. Dak. State Univ., Fargo, N. Dak. 58105) Reviews the status of leafy spurge control in the state, including control programs and methods; for a more detailed treatment of chemical control refer to a companion article in 47(6):12-14.