MINUTES

MONTANA HOUSE OF REPRESENTATIVES
53rd LEGISLATURE - SPECIAL SESSION

COMMITTEE ON AGRICULTURE, LIVESTOCK, & IRRIGATION

Call to Order: By **CHAIRMAN VERN KELLER**, on November 30, 1993, at **3:30** p.m.

ROLL CALL

Members Present:
Rep. Vern Keller, Chairman (R)
Rep. Joe Barnett, Vice Chairman (R)
Rep. Shiell Anderson (R)
Rep. Bob Bachini (D)
Rep. Jody Bird (D)
Rep. Ervin Davis (D)
Rep. Bill Endy (D)
Rep. Harriet Hayne (R)
Rep. Don Larson (D)
Rep. Gary Mason (R)
Rep. Bill Rehbein (R)
Rep. Sam Rose (R)
Rep. Dore Schwinden (D)
Rep. Wilbur Spring (R)
Rep. Wayne Stanford (D)
Rep. Jay Stovall (R)

Members Excused:

Members Absent:

Staff Present: Connie Erickson, Legislative Council
Gayleen Strachan, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:
Hearing: Agriculture

CHAIRMAN VERN KELLER called the meeting to order. He explained that the purpose of the meeting is informational and to discuss concerns that may be possible legislation in 1995.

THE WOOL ACT

Informational Testimony:

Bob Gilbert, Secretary/Treasurer, Montana Wool Growers

Association distributed information on the sheep numbers and each county's payments. **EXHIBIT 1. Mr. Gilbert** went over the history of the Wool Act. He explained that in 1948 some tariffs on wool coming into this county were dropped. As a result, cheaper wools came into the country and devastated the domestic marketplace for wool, dropping prices into the forty cent range. In order to once again have an industry for wool in this country, the Wool Act was devised. Under this act some of the tariff money from wool was given to the growers. The program led to price stability of wool. In 1993 the act was eliminated immediately. It was later negotiated that the Wool Act would continue for three years.

Mr. Gilbert pointed out that sheep can be used to help control some noxious weeds such as leafy spurge and knapweed. He stated that in Alberta Canadian sheep growers are paid $5 per month to raise sheep on timberland in order to keep the growth down. **Mr. Gilbert** passed out two editorials that discuss Congress and the Wool Act. **EXHIBIT 2.** He distributed information on the Wool and Mohair Incentive Program **EXHIBIT 3** and an informational sheet on what the loss of the Wool Act means to the economy **EXHIBIT 4. Mr. Gilbert** also handed out a list showing subsidies other countries pay to their sheep producers. **EXHIBIT 5**

Questions, Responses, and Discussion:

REP. LARSON asked what implications NAFTA will have on Canada in regards to the wool industry in Montana. **Mr. Gilbert** replied that there is a free trade agreement with Canada regarding sheep and many lambs are brought into Montana from Canada. The concern with Canada under NAFTA is that New Zealand will bring lambs into the United States through Canada. NAFTA for Mexico is bad for us on the wool end because Australia has 1.3 billion lb. of wool in storage and they are going to move that wool through the Mexican mills up into this country and get around the tariffs. Trading live sheep with Mexico has helped the industry, and the United States will now receive favorable treatment because there is a 10% tariff for live animals going into Mexico.

REP. BARNETT pointed out that the wool subsidy does not come from tax dollars.

REP. KELLER stated that besides the problem of losing subsidies for wool the growers also have a predator problem.

RANGELAND REFORMS

Informational Testimony:

Jim Peterson, Montana Stockgrowers Association, distributed a handout explaining "Rangeland Reform '94." The handout explains the industry's positions; and why. **EXHIBIT 6. Mr. Peterson** explained that Rangeland Reform has 16 different sweeping range management reforms; a change in grazing fees is only a small part of the reform. The industry wants to protect the environment and supports a forage formula based on equitable economic activities. Economically, every dollar that a rancher spends yields $5 of activity. The livestock industry generates $1 billion a year to the state of Montana.

Questions, Responses, and Discussion:

REP. KELLER pointed out that many residents of Montana are concerned with people from other states buying land here. The downfall of the wool industry and the reforms on the livestock industry encourage ranchers to sell their land.

MONTANA AGRICULTURE EXPERIMENT STATIONS

Informational Testimony:

Barry Jacobson distributed information on the Montana Agriculture Experiment Stations. **EXHIBIT 8. Mr. Jacobson** stated that over the last two sessions $920,000 has been taken out of the station budget. The researchers are increasingly relying on federal grants due to the lack of funding at the state level. Therefore, federal grants are dictating Montana's agricultural research. **Mr. Jacobson** went over the importance of the seven research centers. He explained that the centers are placed very strategically throughout the state. The climate and land interactions vary from one station to the next. These differences should be considered when breeding crops. High quality wheats, for example, need to be designed for the area in which they will be grown. **Mr. Jacobson** stated that the agricultural station is working toward adding value to products before they leave the state. He explained that Montana ships out raw products such as wheat and barley. Through modern molecular biology some products can possibly be improved before they leave the state. **Mr. Jacobson** stated that in the 1995 legislative session the Montana Agricultural Experiment Stations will be asking for permission to build a Bioscience Building. This facility will make Montana an international leader in biological control. The building will include a quarantine facility. This will be useful for the control of noxious weeds. Mr. Jacobson stated that where these weeds originated, they had natural enemies to suppress them. The weed was brought here, but its enemies were not. He explained that insects and disease that would help control these weeds need to be studied to ensure that they won't attack useful plants as well as noxious weeds. Mr. Jacobson passed out an FTE comparison for FY94 and FY85 **EXHIBIT 8** and historical data for the Agricultural Experiment Station **EXHIBIT 9.**

MEAT INSPECTION PROGRAM

INFORMATIONAL TESTIMONY:

Cork Mortensen, Department of Livestock, informed the committee that the state meat inspection program was started in 1987. He explained that it has been successful and good for small business. There are 26 state programs in the United States. They are funded by 50 percent state fund and fifty percent federal funds. The industry in Montana feels their needs are met better by state meat inspection.

A bill has been proposed to do away with the constitutional provision for the departments of Agriculture and Labor. He explained that per capita fees the Department of Livestock collects on livestock are provided for constitutionally. The Board of Livestock is directed to set per capita fees on various kinds of livestock to carry out their mandated regulatory programs such as animal health, brand inspections, predator control and milk inspection. Since 1980 the Department of Livestock has reduced its FTE from 137 to 106 even though the Meat and Poultry Inspection Act in 1987 necessitated additional FTE. The department currently has 8.2 percent General Fund money in its total budget.

Questions, Responses, and Discussion:

REP. LARSON said he has been informed that 100 jobs could be lost if the state meat inspection was closed. He questioned why jobs would be lost since the federal government would be taking over the meat inspection. **Mr. Mortensen** explained that there are 32 official plants and 160 custom exempt plants in the state. One of the prime reasons for a state inspection program is that, if there is a problem, it can be taken care of in Helena; with a federal system it takes longer. **REP. ROSE** added that for every packaging plant closed, 10 to 15 jobs will be lost. It was also pointed out that when the meat inspection plants were under federal inspection prior to 1987, they were grandfathered in under federal rules to be state inspection plants. If this program stops and those plants reapply for federal inspection, they will not have that grandfather clause and many will be closed.

Informational Testimony:

Stan Frasier testified that the federal grazing fee is 3.1 cents per cow per day and about 1.4 cents per sheep per day. Only two percent of the livestock grazers nationwide have federal leases.

Only four percent of cattle produced in this country are produced on federal land. **Mr. Frasier** stated that when reports state that changes in the way federal lands are managed will devastate the livestock industry, he does not see how it can be true. These are public lands. They are used by many people and more people want to have a say in how these lands are managed.

ADJOURNMENT

Adjournment: 4:40 p.m.

Vern Keller
REP. VERN KELLER, Chairman

Gayleen Strachan
GAYLEEN STRACHAN, Secretary
by Marilyn Miller

vk/gs

EXHIBIT 1
DATE 11-30-93
SB AGRICULTURE
LIVESTOCK + IRRIGATION

NEWS

MONTANA AGRICULTURAL STATISTICS SERVICE
301 South Park
P.O. Box 4369
Helena, MT 59601
Phone: (406) 449-5303
(800) 835-2612

JANUARY 1, 1993 SHEEP INVENTORY

The number of sheep and lambs on Montana farms and ranches totaled 554,000 head on January 1, 1993, according to the Montana Agricultural Statistics Service. The sheep and lamb inventory is down 16 percent from last year.

Ewes one year and older were down 3 percent, at 487,000 head. Sheep and lambs on feed, at 34,000, were down 10 percent. The 1992 lamb crop was down 14 percent at 506,000 head. The average value of sheep and lambs on Montana farms and ranches January 1, 1993 was $9.00 above last year at $66.00 per head.

There were 2,500 Montana sheep operations during 1992, down 11 percent from 1991.

All sheep and lamb inventory in the United States on January 1, 1993 totaled 10.2 million head, down 5 percent from a year earlier, and only slightly above the record low of 10.1 million head set in 1986. Total stock sheep and lambs and ewes one year old and older set record lows. The value of sheep and lambs totaled $716 million, 9 percent above a year earlier. The average value per head was $70.20, up 15 percent from a year earlier.

Stock sheep inventory decreased to 8.30 million head on January 1, 1993, down 7 percent from 8.92 million last year. This is the lowest level ever recorded. Ewes one year old and older, at 6.57 million head, were down 7 percent. This compares with the previous record low of 6.96 million head set in 1986.

Sheep and lambs on feed January 1, 1993 for the slaughter market in the 27 major feeding States totaled 1.89 million head, up 3 percent from a year earlier.

The 1992 lamb crop of 7.25 million head was down 5 percent from 1991. This compares with the lowest level of 7.21 million head set in 1988. The 1992 lambing rate was 102 per 100 ewes one year old and older on hand January 1, 1992, compared with 103 in 1991.

The number of operations with sheep during 1992 totaled 101,040 farms, down 4 percent from 1991 and is also a record low.

James K. Sands
February 5, 1993

	1992 WOOL PROGRAM			1992 MOHAIR PROGRAM	
	# of Producers	Net Pmts. for Wool	Net Pmts. for Unshorn Lambs	# of Producers	Net Mohair Pmts
001 Beaverhd	57	270,643.25	65,108.58	1	138.69
003 Big Horn	36	27,424.79	8,501.14	3	36,989.58
005 Blaine	76	102,271.43	48,377.35		
007 Broadwater	15	67,721.46	17,948.37	1	873.18
009 Carbon	141	161,952.16	60,882.26	2	1,313.21
011 Carter	170	1,144,515.15	222,917.11	1	1,806.98
013 Cascade	81	136,997.15	49,769.92	4	2,941.07
015 Chouteau	27	19,846.84	6,842.84	3	4,860.91
017 Custer	79	134,322.88	34,319.27	2	2,727.60
019 Daniels	20	26,485.08	7,681.15		
021 Dawson	42	47,131.44	12,675.63	1	18,896.64
023 Dr Lodge	4	2,321.19	1,498.23		
025 Fallon	46	64,135.60	24,799.89		
027 Fergus	148	134,560.36	45,489.37	3	3,524.12
029 Flathead	42	19,979.12	7,384.79	1	2049.60
031 Gallatin	93	88,546.35	21,361.73		
033 Garfield	138	1,287,197.71	227,829.33	3	7,461.38
035 Glacier	12	9,319.12	2,503.72		
037 G Valley	26	104,309.98	13,139.38	1	10,484.45
039 Granite	14	5,080.62	3,157.37	1	753.21
041 Hill	24	10,521.53	3,999.90	1	2,146.31
043 Jefferson	21	18,899.19	7,837.91		
045 J Basin	75	175,065.29	46,602.02		
047 Lake	90	69,907.92	28,192.43	4	28,501.56
049 L & Clark	36	124,868.70	27,561.24	2	2,262.10
051 Liberty	10	8,540.49	2,010.07		
053 Lincoln	7	3,028.19	588.04	2	7,543.06
055 McCone	50	357,862.18	56,696.22		
057 Madison	89	148,022.07	58,982.23	2	25,986.92
059 Meagher	17	24,739.64	13,181.17	1	1,200.53
061 Mineral	6	1,308.37	1,566.74		
063 Missoula	64	19,387.97	9,454.38	3	3,542.89
065 Mslshell	70	229,172.09	65,417.93		
067 Park	43	41,567.82	13,680.34		
069 Petroleum	18	61,178.73	12,879.99		
071 Phillips	80	219,041.49	64,495.69	2	1,677.82
073 Pondera	40	77,477.49	24,158.24	1	66.49
075 P River	128	383,939.24	80,685.36		
077 Powell	38	21,383.00	11,292.22	2	7,934.12
079 Prairie	30	81,490.99	14,451.43	1	17,888.89
081 Ravalli	103	49,661.98	24,271.70	4	9,284.97
083 Richland	74	118,180.70	32,426.18	4	7,445.32
085 Roosevelt	34	84,031.85	7,206.56		
087 Rosebud	46	134,183.33	35,558.99		
089 Sanders	18	4,359.38	1,714.43		
091 Sheridan	47	41,869.15	16,036.93	2	3,725.77
093 Slvr Bow	10	7,371.61	3,452.91		
095 Stlwater	96	183,145.08	55,747.84	3	955.97
097 Sw Grass	105	277,698.74	72,067.00		
099 Teton	64	150,644.07	43,229.37	1	498.98
101 Toole	18	20,872.93	4,225.86	1	2,872.29
103 Treasure	13	8,986.71	4,086.81		
105 Valley	59	55,335.02	13,983.19		
107 Wheatland	68	434,247.26	82,362.19	2	326.40
109 Wibaux	19	18,064.13	7,621.35		
111 Ylostone	118	119,402.35	50,626.46		
TOTAL	3095	7,640,218.36	1,879,538.84	65	218,680.90

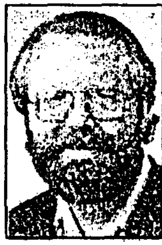
9,519,756.90◇

218,680.90+
9,738,437.80+

EXHIBIT 2
DATE 11-30-93
SB AGRICULTURE, LIVESTOCK + IRRIGATION

Big media fleeced the Wool Act

POLITICAL PORTFOLIO



Jim Gransbery
Gazette staff

The Wool Act was sheared by the Big Media Big Lie.

Fact: Wool and mohair producers in America do not receive one red cent of taxpayers' money from the The Wool Act.

Fact: The taxpayers of this country have made $5 billion from the Wool Act since its inception in 1954. That's right. Made money.

Fact: Elimination of the wool and mohair incentive payments to U.S. sheep and goat producers will not reduce the national debt or the federal deficit one red cent. The payments will be saved, but won't cover the concomitant loss in revenue from ranchers who lose 20 percent of their income or go out of business.

Fact: Its elimination will eliminate some producers.

Fact: The above facts, for the most part, were either ignored or denigrated by the national media.

Despite the efforts of representatives and senators from mostly Western states, Congress has eliminated incentive payments to wool and mohair producers for next year, but funded them for the remaining three months of 1993.

That was done, at the last minute, because producers have based their '93 budgets on receiving those payments for this year's wool crop. Thursday, the House, in a twinge of conscience, agreed that payment for 1993 should in fairness be made.

But the payments — "subsidies," if you insist — come not from taxpayers but come from a tariff on imported wool. The tariff amounts to 10 cents a pound on clean, imported wool and amounts to 1 to 3 percent of the retail cost of a wool suit. That's six bucks on a $200 wool suit. Those of us who drink imported beer by the pint, spend six bucks at a sitting on Friday afternoon subsidizing the Irish brewing industry: Erin being known for its fine woolens, incidently.

Since its inception the program has brought in $7.4 billion to the U.S. Treasury while paying out to producers $2.3 billion. The remaining $5.1 billion was used by the U.S. Treasury to sop up or "subsidize" some of the country's debt.

But this spring, when the Clinton Administration got on a kick of eliminating costly, unneeded government programs, it chose the Wool Act as one of its targets.

And in the finest tradition of superficial

(More on Wool, Page 5D)

Continued story

Wool

From Page 1D

coverage, national television programs and urban area newspapers jumped on the "subsidies" to wool producers.

In numerous newspaper articles and TV shows, these payments were ridiculed as wasteful government spending, a misuse of taxpayers' money.

Most of these stories made no mention of the FACT that not one cent of the payments came from the pockets of taxpayers. Those few that did mention it, did so parenthetically, [illegible]ed it [illegible] as [illegible]sically ignore it.

And the wastefulness was presented to congressmen in the form a question such as "When are you going to stop beating your wife?" or "How can you possibly be spending the taxpayers' money this way?"

The real problem in Washington and the urban areas of this country is that they have gotten fat on a cheap food policy and an almost total ignorance of where food and fiber come from and that there is a cost to producing it.

Oh, by the way, the tariff on imported wool was not eliminated and consumers will still get to pay it. Now all of it can be used to subsidize the real debt run up elsewhere.

Greed and the Wool Act

Congress is getting greedy, and U.S. wool producers and small communities will pay the price.

The Wool Act may not be renewed, and it's all because some members of Congress are trying to scrape up a few extra dollars for deficit reduction. But it's wrong to eliminate the Wool Act for this purpose.

The Wool Act was passed in 1954 to help American producers fairly compete with imported wool. But it doesn't cost the American taxpayer a dime, and it's doing a lot of good.

Our opinion

Wool Act funds come from an assessment on the import of wool and wool textile products. In other words, importers – foreigners – are paying for it.

So American producers are getting a $60 million helping hand from importers. And – better yet for American taxpayers – the Wool Act is also pumping $200 million into the U.S. treasury.

But $200 million isn't enough to satisfy some members of Congress. They want the entire amount. And that's wrong.

The Wool Act is a great program. It helps American wool producers fairly compete, and it does so without costing the American taxpayer.

And it benefits the entire rural economy. For instance, Garfield County producers received incentive payments of nearly $1.5 million for 1993. That's money that keeps the producer going and keeps turning over in the local economy. All thanks to importers.

It's especially unfair the way Congress may pull the rug out from underneath producers right away. 1993 payments are made for wool cut in 1992. So producers made their 1993 clip earlier this year and planned on receiving a payment next year. But that may not be the case.

Congress should renew the Wool Act. Or at the very least, they should continue funding the act for one more year.

The Miles City Star

A Yellowstone Newspaper

Publisher ....
John Watson
Managing Editor ....
Mark Smidt

Letters policy

The Star welcomes letters to the editor from its readers expressing opinions on any issue of public interest. Letters should be signed and include an address, be kept short and be legible. The Star reserves the right to edit letters for length, taste and possible libel.

EXHIBIT 3
DATE 11-30-93
SB
AGRICULTURE, LIVESTOCK + IRRIGATION

ASI

American Sheep Industry Association

6911 South Yosemite Street
Englewood, Colorado 80112-1414
303/771-3500, FAX 303/771-8200

WOOL & MOHAIR INCENTIVE PROGRAM

The primary objective of the amended National Wool Act of 1954 is to encourage the production of wool and mohair at prices fair to both producers and consumers in a manner which will assure a viable domestic sheep and Angora goat industry and makes a positive contribution to national security, the balance of trade, and efficient use of our nation's renewable natural resources.

The Wool Act contributes to industry stability by providing wool and mohair producers with incentive payments. The payment rate is base on the percentage needed to bring the national average market price received by producers up to the support price determined annually by the USDA.

- The Wool Act provides supplemental income to farm and ranch families vital to the continuation of domestic wool and mohair at no net cost to the taxpayer. The program is funded entirely by tariffs on imported wool and wool products and puts more dollars into the U.S. Treasury than growers receive in payments. The program has used less than half the funds available (it is entitled to 70 percent of tariffs by law), the rest staying in taxpayer pockets to support other important government programs.

In 1991, tariffs collected exceeded $401 million, bringing the lifetime earnings of this program to $7.4 billion. Total payments in 1991 were just over $172 million. Payments over the program's 38-year history total just over $2.3 billion.

In 1985, Congress recognized this unique attribute. The House Committee on Agriculture's report said, "...the costs associated with the wool price-support program are not a burden on the United States taxpayer." Foreign competitors actually reimburse the federal treasury for incentive payments, resulting in no net cost to taxpayers.

- This legislation is important to the economic health of rural America. More than 350,000 Americans in small communities exist on income generated by the sheep industry; this income also stabilizes entire rural communities. Wool and mohair sales contributed approximately $83 million to our rural economy in 1992, and the sheep industry contributes about $2 billion to the GNP.

If the Wool Act were discontinued, it would have four general effects: lowered income to farmers and ranchers, reduced supplies of wool, increased prices to consumers and lessened incentive for quality improvement in the wool industry. All four are counterproductive for the American consumer, especially when you consider the "multiplier" effect on other U.S. businesses like the textile industry.

In the West, many sheep are raised on land that could not be used for any other enterprise. Many rural counties and communities are dependent on the sheep industry for stability, making the Wool Act important for rural development.

- The Wool Act is a unique farm program, set up to encourage production and marketing of high-quality wool and to compensate for imports from countries that have encouraged surplus production. The program is market sensitive, reacting to bolster prices in low market years and becoming almost non-existent in high market years. Wool Act payments have gone up 17 times and down 17 times during the history of the program -- showing it does work to counter market fluctuations and provide market stability.

Nearly 70,000 wool producers receive program payments, ranging from very small to very large. Sheep ranches in the United States range from 15 to 15,000 head.

The Wool Act includes payment caps. Large payments are not the norm. The program is important in supporting the overall infrastructure of the sheep industry and related rural communities.

The American consumer gets the real "subsidy" out of this program -- a safe, quality lamb and wool product at an affordable price.

- Wool Act incentive payments to growers in 1992, based on the 1991 marketing year, were some of the highest in history, reflecting the disintegration of the world wool market due to actions by Australia. In reflection, these payments must be compared to support prices from 1990, which hit historic lows.

Wool prices in 1991 averaged 55 cents per pound, the lowest in 17 years. In some areas, wool brought as little as 10 cents per pound. At an average of 7 pounds of wool from one sheep, the proceeds and incentive payment were needed just to cover the cost to shear the animal.

- The Wool Act also provides lamb and wool producers with a "self-help" program. They tax themselves on their incentive payments to pay for promotion, marketing and education programs.

EXHIBIT 7
DATE 11-30-93
SB
AGRICULTURE LIVESTOCK + IRRIGATION

LOSS OF THE WOOL ACT MEANS LOST INCOME & JOBS

The agriculture appropriation conference report, as amended by the Senate, eliminates FY-94 funding of the National Wool Act. That stops April incentive payments on the 1993 wool crop!

The Senate action would remove the incentive payments on wool already grown, shorn and sold.

The 1993 marketing year is more than nine months old -- producers have invested, borrowed money and incurred all the operating expenses for this crop. To stop incentive payments on this crop at the end of the production year will devastate the industry.

Look at the facts:

- Incentive payments provide 20 percent or more of total sheep income for many farm and ranch families.
- Loss of incentive income will force 25-30 percent of sheep producers out of business in one year -- that's at least 25,000 farm families across the United States.
- Loss of 35,000 related jobs -- shearers, truckers, herders, feed suppliers, and workers in lamb packing houses and wool warehouses and tanneries.
- Impact on the industry's current contribution of $6.7 billion to the GNP and its 350,000 related jobs.

Loss of product dollars contributing to the GNP:

- More than 23 million pounds of domestic wool production lost in the first year. Impact on largest U.S. woolen mills, heavily impacting Georgia, New York, Maine and Oregon.
- Lamb and mutton production loss exceeding 87.25 million pounds in the first year; retail, hotel, restaurant and institution trade loss of $434.5 million.
- Pelt export losses of $6-7 million, impacting companies in Colorado, Texas and Washington.

Market disruption from the loss of this year's incentive will devastate the sheep industry.

- Since the Senate vote on Thursday, September 23, market lamb prices have dropped $2-3 and bids are unavailable on cull ewes in most of country.
- Flock dispersal in the next few months will drive the stock ewe price down $20/head -- 30 percent of total value. Anticipated losses are 2.7 million head valued at $154.9 million.
- Minimum feeder lamb price drop will be $2/cwt.

Loss of related jobs and revenues:

- Lamb packing companies would experience plant closures or reduction in employees of about one-third due to lack of lamb supplies.
- Loss of nearly 1.4 million pelts and related jobs in domestic tanneries from Iowa to Texas.
- Thousands of jobs in the wool marketing and processing industries.

Erosion of U.S. producer's ability to compete with foreign producers:

- The European Community pays subsidies to European sheep producers -- UK national payments of approximately $30/sheep; French subsidies of $25/sheep in 1992. The Australian government subsidizes the sheep industry in a $1-1.5 billion program to reschedule stockpile debt repayment, and its Rural Adjustment Scheme provides interest-rate subsidies at $44.6 million. Canada's Tripartite program provides annual subsidies.

AMERICAN SHEEP INDUSTRY ASSOCIATION
6911 S. Yosemite St., Englewood, CO 80112-1414 (303)771-3500

$6.7 Billion

From ranch to retail, that's the amount the U.S. sheep industry contributes annually to the national economy. $6.7 billion--that's about $53 for every man, woman and child in the civilian work force today. Here's how the sheep industry makes its contributions:

Jobs:

350,000 people work in sheep and sheep-related industries

Lamb production:

$619.6 million is generated by the purchase of lamb in grocery stores and other retail outlets
$1.12 billion is generated by the purchase of lamb in hotels, restaurants and institutions
$78.8 million is generated by the processing and sale of pelts and other lamb products such as sausage casings

--People who truck, feed and process lambs earn money along the way.

Wool production:

$2.86 billion comes from the production and sale of wool clothing and other types of apparel such as mittens and socks

--Wool processing generates income for truckers, people who work in textile and apparel plants and others who handle the wool as it moves from the sheep to the final fabric or clothing product.

Lamb and wool exports:

$25.2 million is generated by the export of live sheep from the U.S. to other countries
$22.4 million is generated by the export of wool and wool products
$137.2 million comes from the export of wool fabric
$437.6 million is generated by the export of wool clothing and other types of apparel

--Exports generate income for people who work for U.S. manufacturers, people who load ships in U.S. ports and other people involved in the shipping business. In addition, economists say exports have a multiplier effect on the economy which generates an additional $1.43 billion for the U.S. economy from the above exports.

Lanolin production:

Lanolin is an important product taken from the wool when it is processed. Lanolin is used in everything from hand lotion to shampoo and hair conditioner to shaving cream and makeup.

$12.8 million is generated annually by the processing and sale of lanolin at the wholesale level.

You can find evidence of the sheep industry everywhere. Baseballs are stuffed with wool. Medicines are made from sheep byproducts. Stearic acid from sheep can be found in antifreeze, and other sheep products are used in asphalt. And that's just a few of the items that come from sheep.

The sheep industry and $6.7 billion. Where would we be without it?

EXHIBIT ___
DATE 11-30-93
SB ___
AGRICULTURE, LIVESTOCK & IRRIGATION

SHEEP SUBSIDIES IN OTHER MAJOR SHEEP PRODUCING COUNTRIES

EUROPEAN COMMUNITY - (99.1 million sheep) **Average 1992 ewe premium payment equated to $24.16** per ewe. The main instrument used to support the sheepmeat sector is the ewe premium. This premium protects farmers from fluctuation in the market by covering the difference between the basic price and the market price. For 1992 the basic price was approximately $249/100 pounds ($2.49 per pound) deadweight. Effective marketing year 1993-94, there will be limits for each individual farmer. There is also an "existing budgetary stabilizer" which triggers an automatic reduction of the basic price when flock number exceed 64,400,000 ewes. **Total European Agricultural Guidance and Guarantee Fund (EAGGF) equates to the following for sheepmeat and goatmeat (1992 sheep population was 99.1 million and goat population was 12 million): in 1992 payments totaled approximately $2.36 billion; in 1991 they were approximately $2.32 billion and in 1990 approximately $1.85 billion.**

EAGGF payments are made to the following 12 countries:

Belgium - (129,000 sheep)
Denmark - (102,000 sheep)
Germany - (2.3 million sheep)
Greece - (10.1 million sheep)
Spain - (24.8 million sheep)
France - (10.5 million sheep)
Italy - (10.4 million sheep)
Luxembourg - (7,000 sheep)
Netherlands - (1.9 million sheep)
Portugal - (3.3 million sheep)
United Kingdom - (29.5 million sheep) **Additionally,** United Kingdom producers receive a **United Kingdom government support payment** (i.e., Hill Livestock Compensatory Allowance) **which equates to approximately an additional $5, making the their total support receipts approximately $30 per ewe** in 1991/92.
Ireland - (6.1 million sheep) There is an additional premium if the production is situated in areas designated as disadvantaged. This premium would apply in the case of many Irish producers. **Payments made to Irish sheep producers for 1992 equates to approximately $ $34.78 per ewe. In 1991, the payment equated to approximately $39.77, and in 1990 $46.21 per ewe.**

Private storage aid which produces a **non-market** outlet for sheepmeat **during periods of reduced prices is** another element of the sheep regime. **Compared to the ewe premium,** its importance is however **minor**. In 1991 e.g., private storage expenditure amounted to a mere **0.1 percent of all expenditures** in the sheepmeat sector.

ARGENTINA - (25.7 million sheep) The 3 support programs include the following:

-- 7 percent rebate on all exports of goods produced in the Patagonian region which are shipped from Patagonian ports;

-- 5 percent rebate on wool exports, this support measure supposedly pays back taxes which were paid during the different production stages;

-- $200 per year per worker for wool producing ranchers. This was a political measure to demonstrate that the GOA was aware of the difficulties suffered by small and medium-sized wool producers. It will be paid in three installments (only the first one has been paid as of Oct 1993). Many farmers were not able to obtain such a benefit because they could not comply with all the information and paper work they needed to present to obtain the support.

AUSTRALIA - (166.2 million sheep) Supports from government are substantial since wool is one of the largest Australian export products. Government involvement ranges from developing the primary wool testing lab to offering $1.5 billion in debt rescheduling.

The Australian government provided $1.5 billion to the industry in a program to reschedule stockpile debt repayment. This program included the removal of any requirement for the Commission to repay debt in 1993/94 beyond the funds already in hand for this purpose.

During the 1990/91 season the government contributed $205 million towards "Supplementary Payments Scheme" to growers. Supports were also available to growers for killing sheep to reduce over production.

Under another current agreement, the Rural Adjustment Scheme costs are shared by the Commonwealth and State Governments. Interest-rate subsidies to eligible growers amount to approximately $44.6 million and in time of "exceptional circumstances" special interest subsidies are up to 100 percent to eligible farmers.

Government involvement is still unclear, but it performs a key role in the formation of a new structure to manage the sale of the stockpile called International Wool.

CANADA - The National Tripartite Stabilization Program funded by the Government of Canada, the government of participating provinces and participating producers, equates to the following for participating producers: $12.60/ewe in 1990; $14.75/ewe in 1991; and $5.50/ewe in 1992. It is a voluntary program and not all growers participated.

CHINA - (110.9 million sheep) No direct subsidies, however, the Ministry and other sectors of the Chinese government are encouraging increased production of beef, mutton and poultry. Technical assistance and infrastructure development are the primary mechanisms used. News articles indicate that mutton production is increasing as more Chinese are adding meat to their menus, however, number of sheep raised for wool will decline sharply due to the large volume of wool imports.

The following information has not been substantiated and is based on staff knowledge.

The Australian Bureau of Agriculture and Rural Economics (ABARE) study mentions the following general statement: "It is recognized that the tariffs on wool imports are likely to reflect a desire by the government to protect domestic wool producers. Wool production in China is dominated by ethnic minorities whose lifestyle the Chinese government may wish to

CHINA (con't)

maintain." Staff's understanding is that there is a minimum payment of some sort made to producers for their wool. Additionally, government supports include involvement in the auction system.

Chinese tariffs are fairly high, complimented with a quota system. Tariffs are as follows:

	China	United States
Grease wool	15%	5¢/lb (Wools not finer than 46's-40's; duty free
Scoured wool	15%	11¢/lb
Wool top	20%	3.5¢/lb plus 6¼ percent ad valorem
Wool yarn	50%	9 percent/lb ad valorem
Wool fabrics	100%	do not exceed 40 percent

The exchange rate is the barrier to trade. Wool prices are approximately 50% higher to local mills than they are to the central government purchasing organization, Chinatex.

NEW ZEALAND - (55.2 million sheep) No apparent direct subsidies, since 1985.

POLAND - (2.4 million) Poland lifted most of its agricultural subsidies. However, there is a governmental program called "Fund for the Biological Development" which provides subsidy to livestock and plant breeders. In case of sheep production the fund provides subsidy for:

- each breeding ram sold, farmer receives subsidy of $150;
- each replacement ewe introduced to the breeding flock or sold to the newly created meat sheep flock farmer receives $25 subsidy;
- there is a subsidy for breeding flocks which are considered a genetic reserve of local breeds including Olkusk sheep, Wrzosowka sheep and East-friesian sheep. In 1992, total subsidy to sheep breeding amounted to $4 million. In 1993, the subsidy will be increased by 25 percent to offset the inflation.

The national sheep inventory has fallen by nearly two-thirds in the last four years, and the heavy liquidation is continuing as wool and meat production remain unprofitable.

SAUDI ARABIA - (6,940 sheep) No direct subsidies, however, two programs available to sheep producers. The first offers "soft" or interest-free loans. The second offers the sale of barley at a reduced price. It is a subsidy offered through the Grain Silo and Flour Mill Organization (GSFMO), the government grain association. At this time there is no available estimate as to the total cost of the subsidy amount over the past few years.

SERBIA - (7,458,000 sheep in Yugoslavia) In March 1992, the government of Serbia, for the first time, introduced subsidies for breeding livestock, including sheep (ewes and rams). This program continued to be in effect during 1993. Although subsidies are revised each month, value of them is generally eroded by rampant inflation. Subsidy program for breeding sheep will likely be continued as government gives a special priority to the development of livestock sector.

SOUTH AFRICA - (25 million sheep) Subsidies relating to wool are not dealt with separately, but are included with those for other livestock. **During the 1992/93 financial year $28.6 million was paid to livestock producers and since April 1993, $16.8 million has been paid for buying feedstuff and as an incentive,** it's provided by a recently implemented Agricultural Credit Board program. **Amounts are substantial taking into account the cost of living relationship. The program was initiated for assistance to farmers and communities in the drought stricken areas in May 1992.** Objectives are many, but primarily to give financial and other support to all agriculturists and agricultural communities who have been severely affected by the devastating drought and to give financial support to as many farmers as possible over a wide front to retain them for agriculture.

TURKEY - (47.5 million sheep) Government of Turkey provides **reduced interest rate loans** through the Agricultural Bank, a state bank, to sheep breeders and feeders. The interest charged for such loans is between 34-43 percent; approximately one half that of regular commercial loans. Total amount of subsidy is not published.

The Meat and Fish Organization (EBK-- a state economic enterprise) also buys sheep **from farmers at government announced support prices and sells the meat in domestic markets.** Milk, animal medicine, livestock purchases, artificial insemination and breeding animal imports also are subsidized. The total amount of subsidies paid for the livestock sector are given in the attached table. Subsidies for sheep are included in these figures, but cannot be singled out. Livestock subsidies totaled $6.2 million in 1989; $21.5 in 1990; $27.9 million in 1991 and $31.7 million. The estimated number of animals in Turkey is 12 million cattle, 45 million sheep and 11 million goats.

See attached Livestock Subsidies Chart.

Source:
- United States Department of Agriculture, Foreign Agricultural Service offices in each country (other sources were used for Australia and China).
- Sheep numbers quoted for 1991-92 from International Wool Textile Organization "Wool Statistics"; Food and Agriculture Organization of the United Nations "Statistical Report"; or as otherwise stated. EC estimates quoted from Eurostat's "Rapid Reports: Agriculture, forestry and fisheries".

Note:
- EC conversion rates were computed by using average exchange rates for respective years. For other countries, October 1993 exchange rates were used, creating approximate figures depending on exchange rates ratios and averages.

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Table 7: Tariff rates applied by major wool and wool product importers

	Australia July 92	Brazil July 93	Canada	China	EC	Hong Kong	India	Indonesia	Japan	
	%	%	%	%	%	%	%	%	%	%
Wool										
Greasy wool	0	0	29	0	15	0	0	40	5	0
Scoured/carbonised	0	0	20–30	0	15	0	0	40	5	0
Wool tops	0	0	10	0	20	2.5	0	65	5	0
Yarn, pure wool	10–15	7–12	49.7	12.5	50	3.9	0	60	10	4.1
Yarn, wool blend	10–15	7–12	50	12.5	50	6	0	60	10.1	4.7
Fabric, pure wool	32–37	24–29	65	11.8	100	1.9	0	100	60	11
Fabric, wool blend	32–37	24–29	65	15.1	100	14.8	0	100	59.8	10.7
Wool apparel	46–51	42–47	85	24.9		13.8	0	100	55	14.8
Wool blankets	27–32	24–29	85	22.5		13.9	0	100	60	8
Wool carpets	27–32	24–29	85	13.5		5.4	0	100	23.7	12
Cotton										
Not carded	0	0	10	0	3	0	0	40	0	0
Carded	0	0	10	9.9	3	1.4	0	40	5	0
Yarn	10–15	7–12	30	12.1	30	9	0	60	40	4.4
Fabric	32–37	24–34	60	20.6	50	10	0	100	60	6.8
Apparel	46–51	42–47	85	23.3		13.5	0	100	59.2	13.6
Blankets	27–32	24–29	85	22.5		7.6	0	100	60	11.2
Manmade fibres										
Staple fibres	0	0					0		0	
Carded	0	0	55	10.8	25–50	10	0	100	15	5.2–10
Yarn	10–15	7–12			70					
Fabric	32–37	24–34			100		0			
Apparel	46–51	42–47	85	24.8		13.6	0	100	46.7	14.5
Carpets	27–32	24–29	85	19.6		11.2	0	100	30.8	10.5
Blankets	27–32	24–29	85	22.5		13.9	0	100	15	8

Continued on next page

Table 7: *Continued*

	Republic of Korea	Malaysia	Mexico	Pakistan	Philippines	Poland	Singapore	Thailand	United States	Vietnam
	%	%	%	%	%	%	%	%	%	%
Wool										
Greasy wool	2	2	0.1	10	3	10	0	30	2.9	1
Scoured/carbonised	2	2	10	10	3	10	0	30	3.8	5
Wool tops	2	2	10	30	3.5	3	0	30	7.5	5
Yarn, pure wool	9	2	15	10–90	30	10	0	40	8.8	20
Yarn, wool blend	9	2	15	10–90	30	10.5	0	40	8.9	20
Fabric, pure wool	9	26.9	15	90	40	20	0	80	30.8	20
Fabric, wool blend	9	23.5	15	90	40	20	0	80	22.2	20
Wool apparel	30.4	30.9	20		50	20–30	4.9	100	18.2	20
Wool blankets	20	47.9	20		50	35	1.1	100	15.2	
Wool carpets	30	34.6	20		50	30	0	100	6.2	
Cotton										
Not carded	2	0	2.2		10	3	0	5	1.2	
Carded	20	2	10		20	10	0	5	0.1	
Yarn	20	15.5	15		40	20	0	30	5	
Fabric	20	30.1	15		40	20	0	80	8.2	
Apparel	31.2	36.7	20		50	23.2	4.6	100	16.7	
Blankets	30	40.9	20		50	25	0	100	9.5	
Manmade fibres										
Staple fibres										
Carded	20	2	10		30	8	0	30	6.5	
Yarn										
Fabric										
Apparel	31.2	31.6	20		50	29.2	4.7	100	26.6	
Carpets	30	31.1	20		48.7	30	0	100	7.5	
Blankets	30	45.2	20		0–50	40	0.4	100	13	

THE EFFECTS ON THE UNITED STATES WOOL INDUSTRY WITH THE PROPOSED RESTRUCTURING OF THE AUTRALIAN WOOL INDUSTRY

THE AUSTRALIAN MARKET SETS WORLD WOOL MARKET PRICES, BEING THE NUMBER ONE PRODUCER OF WOOL AND THE LARGEST EXPORTER. THE UNITED STATES WOOL MARKET FOLLOWS THE AUSTRALIAN MARKET.

SUBJECT TO LEGISLATION, THE AUSTRALIAN FEDERAL GOVERNMENT HAS ACCEPTED A GOVERNMENT STUDY CALLED THE GARNAUT REPORT TO TRY TO CORRECT THE AUSTRALIA WOOL CRISIS.

- As of September 8, 1993, the Federal Government announced an integrated package of measures to restructure the Australian wool industry and secure its future as a supplier in the world markets.

- The package responds to the recommendations of the Wool Industry Review Report, known as the Garnaut Report, which was released last month and was commissioned by the Minister from Primary Industries and Energy, Simon Crean.

- Recommendations have been accepted virtually in full by the Australian Federal Cabinet and they will be put into effect, subject to legislation.

- Crean says, "It provides the means by which the wool industry will take responsibility for its own marketing arrangements and sees a diminished role from Government in its affairs in the future".

THE WOOL MARKET CRISIS BEGAN IN 1989. RIGHT AFTER RECORD HIGH WOOL PRICES, A CRASH ENSUED THE MARKET DUE TO OVER PRODUCTION AND THE LOSS OF MAJOR WOOL CONSUMING COUNTRIES' PURCHASES.

- After a short price peak in the wool industry, everything that could go wrong did go wrong. Increased production continued in major wool producing countries, primarily Australia, even though major wool consuming countries, such as China and Russia decreased purchases.

- Currently the wool market is still depressed because of a poor European economy and slow purchases from Japan. Although purchases from China have improved, Russia a major buyer still does not possess the currency to buy wool as they once did.

THE WOOL SITUATION OVER THE NEXT FIVE YEARS IS VERY GRIM. UNTIL THE ENORMOUS STOCKPILE THAT HAS ACCUMULATED IN AUSTRALIA DUE TO LACK OF SALES CAN BE SUBSTANTIALLY REDUCED, SUPPLY WILL EXCEED DEMAND AND PRICES WILL REMAIN DEPRESSED. CURRENTLY, IN REAL TERMS, PRICES ARE THE LOWEST IN AT LEAST 50 YEARS.

THE ACCEPTANCE OF THE GARNAUT REPORT IS CONCERNING BECAUSE MORE WOOL WOULD BE OFFERED ON THE MARKET THAN HAS BEEN OFFERED FROM THE STOCKPILE IN THE LAST FEW YEARS AND DEMAND IS ONLY MEETING CURRENT OFFERINGS. THE GARNAUT REPORT SUGGESTS INCREASING STOCKPILE OFFERS BY 260% IN 1994 AND BY 1995 OFFERING A 623% INCREASE!

WHILE THIS ACTION MAY SHORTEN THE LENGTH OF THE WOOL CRISIS, IT WILL CERTAINLY CAUSE FURTHER DISRUPTION AND LOWER WOOL PRICES, INTENSIFYING THE DISASTROUS MARKET.

- In the last few years the Australians have tried to work themselves out of the crisis in a more reasonable manner, but to no avail. Therefore, they are left in a desperate position requiring more drastic measures. Unfortunately, because of the size of the Southern Hemisphere wool industry and that wool is an easily exported product, the United States cannot influence these changes and the U.S. wool market will continue to follow Australia's.

KEY ELEMENTS OF THE GARNAUT REPORT PACKAGE INFLUENCING THE U.S. WOOL INDUSTRY INCLUDE:

1) **Restructuring of the Australian Wool Industry, to include the creation of Wool International exploring new methods in selling wool.**

   "The establishment of Wool International to manage the sale of the wool stockpile and to facilitate the development of new risk management instruments. It is intend to privatize Wool International at a target date of July 1, 1997."

2) **Increasing the stockpile offerings by 260% in 1994, and by 623% from 1995 to 1997. Market indicator, (aggregate averages of all Australian wool types), decreased 12% from 1992 to 1993 and, according to U.S. calculations, is expected to decrease approximately <u>another</u> 6% in 1994 and <u>another</u> 10% in 1995.**

   - **Note that the enormous stockpile referred to, does not include the estimated 2.5 million bales on the farms due to poor sales during 1993. It is not known how this stockpile might be affected by the Garnaut report.**

   "The introduction of a fixed schedule for the sale of stockpile wool from July 1, 1994 commencing with sales of approximately 26,000 bales per month to December 1994, and sales of 187,000 bales per quarter (62,343 per month) thereafter until privatization."

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3) **Efforts to reduce tariffs on wool garments, fabrics and yarns within Uruguay Round negotiations.**

"The reductions of tariffs on wool garments, fabrics and yarns in all countries, but in particular through the full inclusion of wool manufactured goods in the agreement of the large advanced countries to reduce tariffs on manufactured goods in current negotiations within the Uruguay Round."

4) **Endeavors to damage United States wool producers major customers, United States wool mills, by eliminating the Multifibre Arrangement.**

"The reintegration of textiles and garments trade into GATT and the abolition of the Multifibre Arrangement through the Uruguay Round negotiations or in new negotiating fora should the Round be incompletely successful."

5) **The maintenance of pressure to reduce domestic production subsidies in wool producing countries.**

6) **Taking advantage of NAFTA by encouraging increased exports of processed wool products from Mexico to the U.S., and Bringing Australian wool through Mexico.**

"The Committee recommends that the Export Finance Insurance Corporation (EFIC) and Austrade work closely with the Banco Nacional de Comercio Exterior (Bancomext) in Mexico to assist in the development of the Mexican textile and apparel sector with the aim of encouraging increased exports of processed wool products from Mexico to the United States under NAFTA, including through Australian joint ventures with European, East Asian and U.S. investors."

7) **A shift from wool breed type sheep to meat breed sheep could ultimately effect the United States important lamb market.**

"The Committee notes that the grains, beef, sheepmeat and, increasingly, the forestry and some other industries are competitors with wool for grazing land, and that measures to reduce costs and raise incomes in these industries will be helpful in applying upward pressure on the wool market (through movement away from wool production): The sheepmeat industries combined with non-apparel wool is an especially important alternative for wool growers in regions of relatively high and reliable rainfall."

OCTOBER 1993
RITA KOURLIS-SAMUELSON

DEPLETION OF THE AUSTRALIAN WOOL STOCKPILE UNDER THE GARNAUT PROPOSAL*

Market Year	Beginning of Season Stockpile	Average Sales Per Month	Total Sales	End of Season Stockpile	Australian Market Indicator**	Percent Change of Indicator
1991/92	4623.9	46.2	553.9	4070.0	557	
1992/93	4070.0	10.0	120.4	3949.6	488	-12.39
1993/94	3949.6	10.0	120.4	3829.2	488	0.00
1994/95	3829.2	44.2	529.8	3299.4	459	-5.94
1995/96	3299.4	62.3	747.6	2551.8	415	-9.59
1996/97	2551.8	62.3	747.6	1804.2	415	0.00

* – Does not include on farm stockpile
** – Assumes constant supplies and demand

IRRIGATION

EXHIBIT 6
DATE 11-30-93
SB

RANGELAND REFORM '94

On August 9, 1993, the U.S. Interior Department released "Rangeland Reform '94" as a three part proposal: (1) a large grazing fee increase, (2) sweeping land management reform by the Bureau of Land Management (BLM), and (3) additional Forest Service (FS) regulation changes.

The Montana Stockgrowers Association (MSGA) has worked hand in hand with both the Montana and National Public Lands Council (which is the main livestock industry organization addressing "Rangeland Reform '94.) In addition, MSGA has submitted to the Department of Interior written comments concerning the major pitfalls of this proposal and has encouraged anyone affected by these proposed changes to do the same.

The issue of federal grazing was recently taken up in Congress and the Reid/Babbitt "Compromise" to the ~~BLM~~ Interior Appropriations bill, was debated on the Senate Floor. The compromise called for an increase in grazing fees to $3.45 per AUM over a three year period ($2.39 -- $2.92 -- $3.45) and would have codified into law regulations that would give the federal government entitlement to water rights and future land improvements and dissolve current Advisory Boards among other things.

A U.S. Senate filibuster, supported by the livestock industry, survived three votes to end the filibuster and Senator Reid finally agreed on November 9 to drop his Amendment from the Interior Appropriations Bill rather than face a fourth vote to end the filibuster.

This now means that Secretary Babbitt will continue with his regulatory approach to "reform." While the debate will continue, the industry now has an opportunity for hearings in the West, hearings before any appropriate authorizing committees (which have been requested for three years) and a chance to be heard on the merits of these diverse, complicated issues. It also changes the rulemaking process since the Senate's intense, national debate over this issue highlights the public's awareness on this complicated issue.

Regarding the grazing fee, authorizing committees in the Congress can now pursue an equitable, formula based fee system rather than an arbitrary, un-studied grazing fee as the Reid Amendment proposed. The Campbell/Wallop Bill (S. 1326) -- which would also increase the grazing fee based on an equitable, formula based fee -- can now see action. PLC and MSGA supports this bill.

The Forage Fee Formula, as it is called, is based on the premise that the western public lands grazing permittees should pay the fair value of the forage received from federal lands. There are two key objectives in the formula: (1) The identification of the value of grass, or forage, as a percent of the private land lease rate, and (2) a factor which reflects the lower returns derived from federal lands, as well as the additional costs of doing business on federal compared to private lands. The Federal Forage Fee Formula would provide a similar economic opportunity between federal land and private land livestock producers.

On the economic front, every dollar a rancher spend yields $5.00 in economic activity in the West. Every western ranching job creates as many as four jobs on main street. Not only does this add billions to the nation's economy, in much of the West, it is the largest source of economic activity and tax revenue.

EXHIBIT 4
11-30-93
AGRICULTU

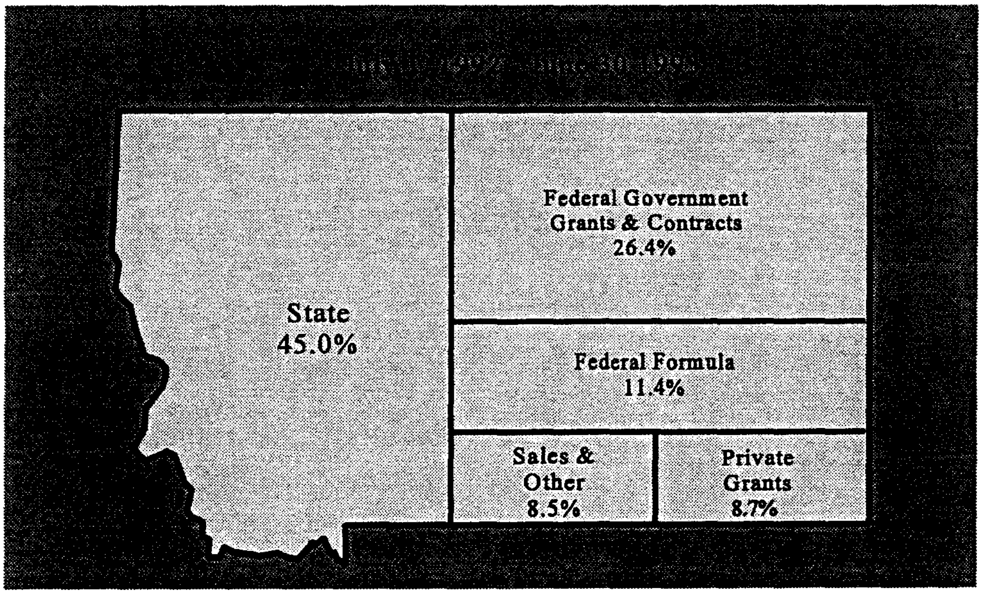
A grazing fee not based on sound science and careful study will destabilize the entire livestock industry and rural western infrastructure it represents. If Congress and the Administration want to continue livestock grazing on federal lands, and billions of dollars in economic activity it represents, they should deny Secretary Babbitt's proposal and enact legislation like S. 1326.

In addition, Secretary Babbitt must seriously listen to the people of the West. He must understand that his desire to radically change several grazing management regulations in both the BLM and the Forest Service could severely cripple the livestock industry and the glue and fabric of western economies. The livestock industry is not afraid of any changes to enhance the quality of this profession, rather we are concerned that this is an attempt by Secretary Babbitt to forward the agenda of removing livestock from federal lands which would permanently cripple the livestock industry in the process.

EXHIBIT 1
DATE 11-30-93
SB
AGRICULTURE, LIVESTOCK + IRRIGATION

Expenditure by Source of Funds
1985 - 1993
Montana Agricultural Experiment Station

	State Appropriations	Federal Formula Appropriations[1]	Sales & Other	Private Grants	Federal Grants & Contracts
1993	45.0%	11.4%	8.5%	8.7%	26.4%
1991	45.8%	11.4%	10.7%	15.1%	17.0%
1989	49.4%	14.0%	11.2%	10.5%	14.9%
1987	48.4%	14.2%	12.0%	9.5%	15.9%
1985	48.5%	14.1%	17.4%	11.5%	8.5%



[1] Hatch and Regional Research

ATTACHMENT 3

EXHIBIT 8
DATE 11-30-93
SB
AGRICULTURE, LIVESTO
+ IRRIGATION

MONTANA AGRICULTURAL EXPERIMENT STATION

FTE COMPARISON FY94/FY85

(EXCLUDES LIVESTOCK & RANGE RESEARCH LABORATORY)

	FY94			***FY85***			FACULTY	SUPPORT
	FACULTY	**SUPPORT**		**FACULTY**	**SUPPORT**		FY94/FY83	FY94/FY83
RESEARCH PROGRAM:								
Departments -								
Ag Economics & Econ	5.92	6.11		7.74	6.02		**-1.82**	**0.09**
Civil & Ag Engineering	1.65			2.22	2.25		**-0.57**	**-2.25**
Animal & Range Sci	8.82	22.71		12.04	35.76		**-3.22**	**-13.05**
Biology	0.33	0.51		0.51	1.08		**-0.18**	**-0.57**
Biochemistry	1.28	1.18		3.05	2.53		**-1.77**	**-1.35**
Earth Science	0.15						**0.15**	
Entomology	5.57	5.77		4.28	2.65		**1.29**	**3.12**
H&H Development	0.22	0.21		1.72	2.00		**-1.50**	**-1.79**
Microbiology	0.17	0.33		0.22			**-0.05**	**0.33**
Plant Pathology	4.18	3.67		4.41	4.87		**-0.23**	**-1.20**
Plant & Soil Science	20.08	25.85		19.56	23.81		**0.52**	**2.04**
Sociology	0.50			1.67	0.69		**-1.17**	**-0.69**
Stat Services	0.33	0.74		1.42	2.17		**-1.09**	**-1.43**
VMBL	10.00	14.38		11.64	17.40		**-1.64**	**-3.02**
Subtotal	**59.20**	**81.46**		**70.48**	**101.23**		**-11.28**	**-19.77**
Research Centers -								
CARC	2.44	2.19		2.44	4.70			**-2.51**
EARC	2.44	5.97		2.44	9.12			**-3.15**
NARC	4.88	6.82		4.88	9.00			**-2.18**
NWARC	2.44	4.73		2.44	5.25			**-0.52**
SARC	2.44	2.92		3.66	8.50		**-1.22**	**-5.58**
WARC	2.44	5.55		2.44	6.00			**-0.45**
WTARC	2.44	2.59		2.44	4.00			**-1.41**
Subtotal	**19.52**	**30.77**		**20.74**	**46.57**		**-1.22**	**-15.80**
DO Research		1.23						**1.23**
TOTAL RESEARCH PROGRAM	**78.72**	**113.46**		**91.22**	**147.80**		**-12.50**	**-34.34**
INSTITUTIONAL SUPPORT:								
DO Administration		6.36			7.47			**-1.11**
Communication Services		2.25			2.25			
MSU Adm Recharges		8.83			9.72			**-0.89**
TOTAL INSTIT SUPPORT		**17.44**			**19.44**			**-2.00**
PLTO&M RECHARGES		**3.61**			**2.33**			**1.28**
TOTAL	**78.72**	**134.51**		**91.22**	**169.57**		**-12.50**	**-35.06**
TOTAL FTE			213			261		

NOTE: FACULTY FTE STATED IN AY EQUIVALENTS (1.0 AY = 1.22 FY)

EXHIBIT 1
DATE 11-30-93
SB
AGRICULTURE, LIVESTOCK + IRRIGATION

ATTACHMENT 4

HISTORICAL DATA FOR AGRICULTURAL EXPERIMENT STATION
State Appropriated Funds

MAIN STATION (Excludes LARRL)

ACTUAL EXPENDITURES

Fiscal Year	FTE	Personal Services	Operations	Capital	TOTAL
1985	261.16	6,331,531	1,636,354	358,589	8,326,474
1986	253.66	6,344,008	1,445,559	220,652	8,010,219
1987	242.00	6,240,746	1,333,057	178,060	7,751,863
1988	243.22	6,563,257	1,483,822	156,192	8,203,271
1989	243.22	6,680,180	1,546,422	190,195	8,416,797
1990	243.22	7,171,687	1,468,592	125,999	8,766,278
1991	243.22	7,636,695	1,450,285	125,520	9,212,500
1992	242.54	8,063,740	1,494,789	231,695	9,790,224
1993	229.63	7,983,537	1,549,179	231,936	9,764,652
1994 *	215.80	7,871,733	1,483,048	228,000	9,582,781

FUNDING SOURCES

Fiscal Year	General Fund	Special Revenue	Hatch Funds	Regional Research	TOTAL
1985	5,945,674	623,560	1,172,944	584,296	8,326,474
1986	5,953,382	289,991	1,187,879	578,967	8,010,219
1987	5,636,523	439,622	1,129,299	546,419	7,751,863
1988	6,204,968	325,000	1,129,299	544,004	8,203,271
1989	6,257,135	378,857	1,210,094	570,711	8,416,797
1990	6,735,143	325,000	1,143,730	562,405	8,766,278
1991	7,110,259	325,000	1,214,838	562,403	9,212,500
1992	7,662,851	324,999	1,217,869	584,505	9,790,224
1993	7,523,017	325,000	1,283,918	632,717	9,764,652
1994 *	7,282,768	394,536	1,276,212	629,265	9,582,781

* Budgeted includes Pay Plan

NOTE: FTE added through budget modifications -
1985 3.0 Weed Technicians
1988 1.0 Spring Wheat Faculty
1992 1.0 Bioweed Faculty
1993 1.0 Bioweed Technician