



The Federal Grazing Program: A Stampede of Taxpayer Handouts

Overview

Grazing on public lands cost U.S. taxpayers hundreds of millions of dollars in direct subsidies over the last century. Considering the insignificance of the federal grazing program to local, state, and regional economies, Congress should rework the federal grazing program so that a greater portion of the program costs are borne by the users, not taxpayers.ⁱ

Economic Impact

The current federal grazing fee formula fails to cover the government's overhead costs for managing the grazing program, and does not provide adequate funding for related resource protection.ⁱⁱ Though grazing fees charged by the BLM and Forest Service offset some of the direct costs associated with grazing, the program still results in an overall loss to taxpayers. In fiscal year 2002, the BLM spent \$80.6 million on rangeland management and range improvements. However, the agency only generated \$12.8 million in revenue from grazing fee receipts in the same year. Of this, only \$9.6 million was retained by the federal government.

The Problem

The current federal grazing fee does not cover the cost to administer the federal grazing program. The Public Rangelands Improvement Act (PRIA) of 1978 established the current fee formula that fixes grazing fees on both Forest Service and BLM lands in western states.ⁱⁱⁱ According to the General Accounting Office (GAO), the PRIA fee does not follow the rise in grazing land lease rates paid by operators on private lands. In fact, while the federal grazing fee now rests at the regulatory minimum of \$1.35/Animal Unit Month (AUM), market rates across the nation vary from a low of \$7.00/AUM in Arizona to a high of \$20.60/AUM in Nebraska.^{iv,v,vi}

Experts estimate that direct and indirect costs of the federal grazing program may add up to as much as a \$1 billion loss each year for taxpayers.^{vii} Indirect costs include the USDA's Wildlife Services Program that kills animals that threaten agriculture; U.S. Army Corps of Engineers work to alleviate increased flood risk associated with grazing; and the increased likelihood of wildfires on grazing lands because of the high rate of grass consumption.^{viii,ix,x}

Federal Grazing Subsidies Benefit Few

- Cattle grazed on public land represent less than 3 percent of the national beef supply.^{xi}
- Only 6 percent of livestock producers west of the Mississippi are public lands ranchers; less than 10 percent of counties get more than half their forage from federal grazing.^{xii}
- The eleven western states rely on federal grazing for only about 20 percent of the feed needed to support their livestock. Nationally, the reliance on federal lands for livestock feed drops to 4 percent.^{xiii,xiv}

Given that the federal grazing program contributes such a minute percentage to the domestic livestock industry nationally, there is little to no justification for the fact that massive sums of taxpayer dollars are spent on the management of federal grazing programs.

Policy Proposals

Taxpayers for Common Sense advocates a three-fold proposal to address the fiscal burden the federal grazing program places on taxpayers:

1. Charge fair market value for the privilege of grazing on federal lands by adjusting the PRIA fee formula to more accurately reflect market forces and/or requiring ranchers to competitively bid on federal grazing privileges. Grazing fees in eastern national forests are assessed by competitive bidding or market-based comparisons, resulting in prices that are comparable to those charged for private grazing land.^{xv} If grazing fees in the West were determined in a similar fashion, the taxpayer burden of this program would be decreased.
2. Encourage voluntary permit retirement to terminate grazing on given allotments as a positive alternative to permit buyout programs, which create a staggering short-term burden for the federal government.^{xvi} Voluntary permit retirement would ensure that taxpayers do not have shoulder even more costs to end a practice that is economically wasteful in the first place.

For more information contact Taxpayers for Common Sense at 202-546-8500, or info@taxpayer.net

ⁱ Power, Thomas M. "Taking Stock of Public Lands Grazing: An Economic Analysis." 2002. National Public Lands Grazing Campaign. Online. Aug. 25, 2003. http://www.publiclandsranching.org/htmlres/wr_taking_stock.htm.

ⁱⁱ General Accounting Office.

ⁱⁱⁱ Arizona, California, Colorado, Idaho, Kansas, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Utah, Washington, and Wyoming.

^{iv} General Accounting Office. "Rangeland Management: Current Formula Keeps Grazing Fees Low." June 1991. GAO Online. Online. Aug. 25, 2003. <http://161.203.16.4/d20t9/144191.pdf>.

^v Moskowitz, Karyn and Chuck Romaniello.

^{vi} National Agricultural Statistics Service. "Agricultural Prices." Jan. 31, 2002. U.S. Department of Agriculture. Online. Aug. 22, 2003. <http://usda.mannlib.cornell.edu/reports/nassr/price/pap-bb/2002/agpr0102.txt>.

^{vii} Moskowitz, Karyn and Chuck Romaniello.

^{viii} Predators Conservation Alliance. "Wildlife 'Services'? A presentation and analysis of the USDA Wildlife Services Program's Expenditures and Kill Figures for Fiscal Year 2000." Feb. 2002. Online. Aug. 25, 2003. http://www.predatorconservation.org/about_us/research/wildlifeservicesreport2002.html.

^{ix} Moskowitz, Karyn and Chuck Romaniello.

^x Belsky, A.J., A. Matzke, and S. Uselman. "Survey of Livestock Influences on Stream and Riparian Ecosystems in the Western United States." 1999. Journal of Soil and Water Conservation, Vol. 54. Online. Aug. 25, 2003. <http://www.onda.org/library/papers/BelskyGrazing.pdf>.

^{xi} Blaine, Mark. "Livestock at Large." Forest Magazine 2003: 7-13.

^{xii} Mathews, Kenneth H. Jr., Kevin Ingram, Jan Lewandrowski, and John Dunmore. "Public Lands and Western Communities." June-July 2002. Agricultural Outlook, Economic Research Service, USDA. Online. Aug. 25, 2003. <http://www.ers.usda.gov/publications/agoutlook/JuneJuly2002/ao292g.pdf>.

^{xiii} Arizona, California, Colorado, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming.

^{xiv} Power, Thomas M.

^{xv} Moskowitz, Karyn and Chuck Romaniello.

^{xvi} Passaro, Jamie. "On the Other Side of the Fence: A Rancher's Decision." Forest Magazine. 2003.