



## Fiscal Costs of Federal Public Lands Livestock Grazing

The Government Accountability Office (GAO) has reported the federal government spends at least \$144 million each year managing private livestock grazing on federal public lands, but collects only \$21 million in grazing fees—for a net loss of at least \$123 million per year.<sup>1</sup>

- The GAO reported that ten federal departments and agencies operate grazing programs on federal public lands: Bureau of Land Management (BLM), USDA-Forest Service, National Park Service, U.S. Fish and Wildlife Service, Department of Energy, Bureau of Reclamation, Army Corps of Engineers, the Army, Air Force, and Navy.
- The GAO admits its **report is incomplete** because several agencies, including the Natural Resources Conservation Service and the Environmental Protection Agency, which spend millions of dollars mitigating for grazing damage such as non-point source water pollution, did not provide estimates of their grazing related costs to the GAO. Other programs that benefit both private and public lands ranchers, such as the “Livestock Compensation Program,”<sup>2</sup> were also not included in the total subsidy to public lands ranchers.
- Considering the additional direct and indirect costs not included in the GAO report, economists have estimated that the federal public lands grazing on only BLM and Forest Service lands **may cost as much as \$500 million to \$1 billion** annually.<sup>3</sup>
- The majority of BLM and Forest Service grazing fees are not deposited to the U.S. Treasury, but instead are **diverted** to the “Range Betterment Fund” to pay for fencing, water developments, and related infrastructure to support continued livestock grazing (see below).
- **No report has ever fully analyzed the incredible environmental costs of livestock grazing on federal public lands.**

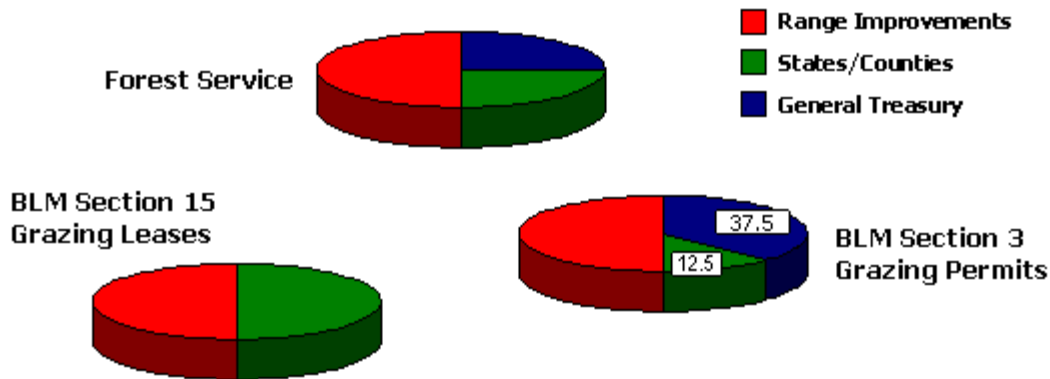
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<sup>1</sup> GAO. 2005. Livestock grazing: federal expenditures and receipts vary, depending on the agency and the purpose of the fee charged. GAO-05-869. Government Accountability Office. Washington, DC.

<sup>2</sup> The Livestock Compensation Program was a huge boondoggle that paid farmers and ranchers \$635 in 2002 and 2003. G. M. Gaul, D. Morgan, S. Cohen. No drought required for federal aid: livestock grazing program grew to cover any “disaster.” Washington Post (July 18, 2006).

<sup>3</sup> Moscovitz, K. and C. Romaniello. 2002. *Assessing the Full Cost of the Federal Grazing Program*. Center for Biological Diversity. Tucson, AZ. The estimated cost of the federal grazing program at \$500 million is consistent with estimates developed by other experts. K. Hess (former special advisor on policy to the Assistant Secretary for Program, Policy, and Budget of the Department of the Interior) and J. Wald (senior attorney and Land Program Director, Natural Resources Defense Council) estimated the annual cost of the federal grazing program to be approximately \$500 million. Hess, K. and J. H. Wald. 1995. Grazing reform: here's the answer. High Country News 27(18). The *Economist* magazine has also reported the annual cost of the federal grazing program to be \$460 million. Subsidized cow chow. *The Economist* (Mar. 7, 2002): 39.

## Distribution of Federal Grazing Fee Receipts<sup>†</sup>



<sup>†</sup>USDI-BLM, USDA-Forest Service. 1995. Rangeland Reform '94 Draft Environmental Impact Statement. USDI-BLM. Washington, DC: 3-72 –73.

## Federal Grazing Permit Loans

While taxpayers pay millions of dollars to subsidize livestock grazing on public lands, federal grazing permittees and lessees are also allowed under dubious federal policy to collateralize their grazing permits/leases to finance their public lands grazing operations. Both the Forest Service<sup>4</sup> and the BLM<sup>5</sup> sanction the use of *publicly owned* federal grazing permits and leases as collateral for *private* bank loans.

- ◆ The BLM has documented more than \$1.1 billion in liens on BLM grazing permits/leases in the eleven western states.<sup>6</sup>
- ◆ Approximately 300 ranch operations have taken more than \$450 million in loans on Forest Service grazing permits.<sup>7</sup>
- ◆ In Supreme Court documents, the State Bank of Southern Utah confirmed that financial institutions hold an estimated \$10 billion in loans and related credit transactions to the public land ranching industry, with the grazing privileges alone worth approximately \$1 billion.<sup>8</sup>

<sup>4</sup> The Forest Service "escrow waiver" program is further described in M. Salvo. 2002. "Mortgaging Public Assets: How Ranchers Use Grazing Permits as Collateral." Pages 271-273 in G. Wuerthner and M. Matteson (eds.). WELFARE RANCHING: THE SUBSIDIZED DESTRUCTION OF THE AMERICAN WEST. Island Press. Covelo, CA.

<sup>5</sup> T. Jones and M. Salvo. 2006. "Mortgaging Our Natural Heritage: An Analysis of the Use of Bureau of Land Management Grazing Permits as Collateral for Private Loans." Distributed report. Forest Guardians, Santa Fe, NM; Sagebrush Sea Campaign, Chandler, AZ.

<sup>6</sup> *Mortgaging Our Natural Heritage*: 5.

<sup>7</sup> *Mortgaging Our Natural Heritage*: 5.

<sup>8</sup> Brief of Amici Curiae State Bank of Southern Utah in Support of Petitioner, Public Lands Council v. Babbitt, 529 U.S. 728 (2000).

## Predator Control to Protect Livestock

Of the millions of dollars that taxpayers spend to subsidize public lands grazing, **approximately \$8 million** is dedicated to killing “predators” to protect livestock grazing on federal lands. Critters killed include coyotes, foxes, bobcats, badgers, wolves, mountain lions, and bears.

- Federal funds spent by USDA-Wildlife Services to kill 94,502 predators in seventeen western states (FY 1999): **\$10.8 million.**<sup>9</sup>
- Percent of USDA-Wildlife Services predator control budget spent to protect livestock on public lands: **75 percent.**<sup>10</sup>
- Percent of predator control budget paid by ranchers: **1 percent.**<sup>11</sup>
- Percent of cattle and calf losses attributed to predation (1995): **2.7 percent.**<sup>12</sup>
- Percent of cattle and calf losses attributed to digestive problems, respiratory difficulties, calving complications, weather and other causes (1995): **97.3 percent.**<sup>13</sup>

*For more information, please contact Mark Salvo, Sagebrush Sea Campaign at [mark@sagebrushsea.org](mailto:mark@sagebrushsea.org).*

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<sup>9</sup> Predator Conservation Alliance. 2001. Wildlife "Services?" A presentation and analysis of the USDA Wildlife Services Program's expenditures and kill figures for fiscal year 1999. Predator Conservation Alliance. Bozeman, MT: 6.

<sup>10</sup> O'Toole, R. 1994. Audit of the USDA Animal Damage Control Program. Cascade Holistic Economic Consultants. Oak Grove, OR: 1.

<sup>11</sup> Rogers, P. 1999. Cash cows. San Jose Mercury News (Nov. 7, 1999): 6S.

<sup>12</sup> USDA-NASS. 1996. 1995 cattle and calf losses valued at \$1.8 billion. USDA-National Agricultural Statistics Service, Agricultural Statistics Board. (released May 17, 1996). **More livestock are killed by domestic dogs than mountain lions, bobcats, bears, and wolves, combined.**

<sup>13</sup> USDA-NASS. 1996. 1995 cattle and calf losses valued at \$1.8 billion. USDA-National Agricultural Statistics Service, Agricultural Statistics Board. (released May 17, 1996).