



Abstract

Livestock Grazing: Federal Expenditures and Receipts Vary, Depending on the Agency and the Purpose of the Fee Charged, GAO-05-869, September 30, 2005.

Ranchers pay a fee to graze their livestock on federal land. Grazing occurs primarily on federal land located in the western states managed by 10 federal agencies. Generally, the fee is based on animal unit months (AUM)--the amount of forage that a cow and her calf can eat in 1 month. For most federal land, the fee per AUM is established by a formula. Advocates argue that grazing uses federal land productively and that the grazing fee is fair. Opponents argue that grazing damages public resources and that grazing fees are too low. GAO was asked to determine the (1) extent of, and purposes for, grazing in fiscal year 2004 on lands 10 federal agencies manage; (2) amount federal agencies spent in fiscal year 2004 to manage grazing; (3) total grazing receipts the 10 agencies collected in fiscal year 2004 and amounts disbursed; and (4) fees charged in 2004 by the 10 agencies, western states, and ranchers, and reasons for any differences. In commenting on a draft of this report, the Department of the Interior and the Forest Service neither agreed nor disagreed with the findings. The Forest Service stated that the report accurately described the purpose of the grazing fee. The Army and Air Force and the Department of Energy provided technical comments, which we incorporated as appropriate. The departments of Commerce and of Justice responded that they did not have comments.

The 10 federal agencies managed more than 22.6 million AUMs on about 235 million acres of federal lands for grazing and land management in fiscal year 2004. Of this total, the Department of the Interior's Bureau of Land Management (BLM) and the U.S. Department of Agriculture's Forest Service managed more than 98 percent of the lands used for grazing. The agencies manage their grazing programs under different authorities and for different purposes. For BLM lands and western Forest Service lands, grazing is a major program; the eight other agencies generally use grazing as a tool to achieve their primary land management goals. In fiscal year 2004, federal agencies spent a total of at least \$144 million. The 10 federal agencies spent at least \$135.9 million, with the Forest Service and BLM accounting for the majority. Other federal agencies have grazing-related activities, such as pest control, and spent at least \$8.4 million in fiscal year 2004. The 10 federal agencies' grazing fees generated about \$21 million in fiscal year 2004--less than one-sixth of the expenditures to manage grazing. Of that amount, the agencies distributed about \$5.7 million to states and counties in which grazing occurred, returned about \$3.8 million to the Treasury, and deposited at least \$11.7 million in separate Treasury accounts to help pay for agency programs, among other things. The amounts each agency distributed varied, depending on the agencies' differing authorities. Fees charged in 2004 by the 10 federal agencies, as well as state land agencies and private ranchers, vary widely. The grazing fee BLM and the Forest Service charge, which was \$1.43 per AUM in 2004, is established by formula and is generally much lower than the fees charged by the other federal agencies, states, and private ranchers. The other agencies, states, and ranchers generally established fees to obtain the market value of the forage. The formula used to calculate the BLM and Forest Service grazing fee incorporates ranchers' ability to pay; therefore the current purpose of the fee is not primarily to recover the agencies' expenditures or to capture the fair market value of forage. As a result, BLM's and the Forest Service's grazing receipts fell short of their expenditures on grazing in fiscal year 2004 by almost \$115 million. The BLM and Forest Service fee also decreased by 40 percent from 1980 to 2004, while grazing fees charged by private ranchers increased by 78 percent for the same period. If the purpose of the fee were to recover expenditures, BLM and the Forest Service would have had to charge \$7.64 and \$12.26 per AUM, respectively; alternately, if the purpose were to gain a fair market value, the agencies' fees would vary depending on the market. Differences in resources and legal requirements can cause fees to vary; however, the approaches used by other agencies could close the gap in expenditures and receipts or more closely align BLM and Forest Service fees with market prices. The purpose of the grazing fee is, ultimately, for the Congress to determine.