

# Economic Impacts of Reductions in Federal Grazing in Fremont County, Wyoming

By

David "Tex" Taylor

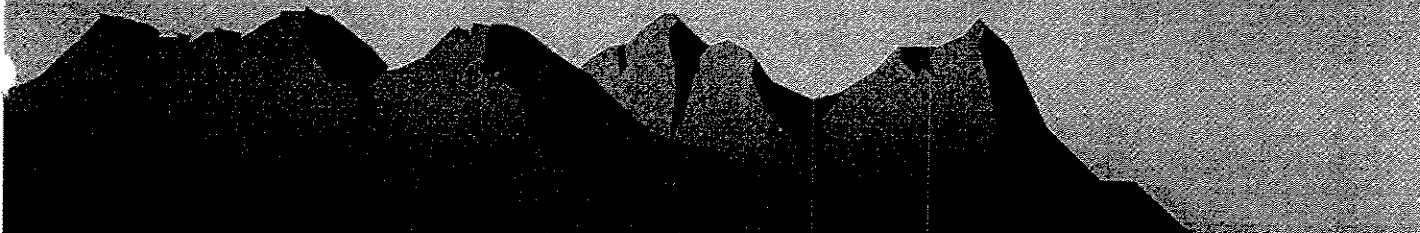
Tom Foulke

Jim Thompson

Roger Coupal


Department of Ag and Applied Economics

University of Wyoming



Overview for a "Typical" Wyoming "Public Lands" Cow-Calf Operation

- Reductions in federal grazing AUM's have been made or are being proposed.
- Reductions in federal grazing AUM's have a greater negative financial impact than many people/agencies realize.
- Negative financial impacts of reductions are due to "interaction" effects with private grazing AUM's and other ranch resources.
- For the "typical" 300 cow-calf operation assumed in this study, with a 50% reduction in federal AUM's, "annual net cash income" would decline by 97%, or to nearly zero. Net equity would decline from about 88% to about 63%.
- Given these negative financial impacts a "rational" operator would sell-out or pursue a drastically changed type of business.



---

---

---

---

---

---

---

---


---

---

Impact of Federal Grazing Reductions on Wyoming Ranches by Larry Van Tassell and James W. Richardson, 1998.

Assumptions

- 300 cow-calf operation in Washakie and Big Horn Counties, WY.
- Data acquired thru interviews with four area ranchers.
- 2,200 deeded acres located adjacent to National Forest.
- Grazing leases held with USFS, BLM and State.
- Farming operations consisted of alfalfa and natural hay harvesting and use on ranch.
- Ranch assets were valued at \$938,719, with long-term loans of \$127,855, for an equity ratio of 88%.



---

---

---

---

---

---

---


---

---

---

Assumptions (cont'd)

- Impacts calculated for a 25%, 50%, and 100% reduction in federal grazing.
- Greer (1994) and Taylor et al. (1992) both found that while the reliance of ranchers on forage from federal land grazing can appear relatively unimportant when calculated on an acreage or AUM basis, they become quite important when calculated on a seasonal dependency basis. The rigidity of seasonal forage availability means that the optimal use of other forages and resources are impacted when federal AUMs are not available (Torell et al., 2002).



---

---

---

---

---

---

---

---

---

---

Assumptions (cont'd)

• 3 Perspectives to be considered in evaluating economic importance of federal grazing:

1. Consider Fed. AUM's only
2. Consider Fed. AUM's and their effect on private forage.
3. Consider Fed. AUM's and their effect economic viability of ranch.

---

---

---

---

---

---

---

---

---

---

Table . Impact of Federal Grazing Reductions on Wyoming Ranches

	0%	25%	50%	100%
Cows	300	261	221	144
AUM's/Cows	16	16	16	16
Total AUM's	4,800	4,176	3,536	2,304
Fed AUM's	1,943	1,458	972	0
Ratio		1.29	1.30	1.28
Average Annual Net Cash Income	\$31,556	\$17,293	\$869	-\$24,998
Ending Equity Ratio	88	80	63	33

Source: VanTassel and Richardson (1998)

---

---

---

---

---

---

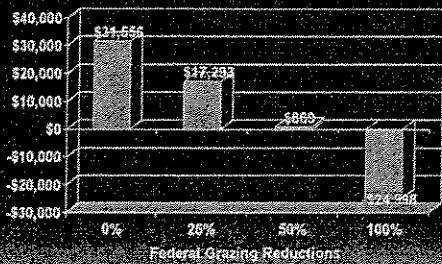
---

---

---

---

Average Annual Net Cash Income for Federal Lands Dependent Ranching Operations




---

---

---

---

---

---

---

---

---

---



Background and Assumptions for Fremont County (cont'd)

- 261, or 74%, of livestock grazing operations hold grazing permits
- These 261 ranches manage a total of over 898,000 acres, including private, state, and federal leases
- Loss of all BLM Grazing would reduce annual net income for a typical ranch in Fremont County from about \$34,855 to \_\_\_\_\_ without BLM Grazing  
(From UW LP model)

---

---

---

---

---

---

---

---

---

---

---

---

Table . Economic Impacts for Perspective 1  
(No Interactive Effect)

Direct Impact	\$35.96 <sup>(1)</sup>
Total Impact	\$75.45
Labor Earnings	\$14.47
Employment	0.001016

Source: Fremont County Input/Output Model  
(1) 10 year averages

---

---

---

---

---

---

---

---

---

---

---

---

Table . Economic Impacts for the 3 Perspectives

	BLM AUMs Only Per AUM	Total AUMs Per AUM	Economic Viability Per AUM
AUMs	1	1.5	2.5
Direct Impact	\$35.96	\$53.94	\$89.90
Total Impact	\$75.45	\$113.18	\$188.63
Labor Earnings	\$14.47	\$21.71	\$36.18
Employment	0.001016	0.001524	0.002540

---

---

---

---

---

---

---

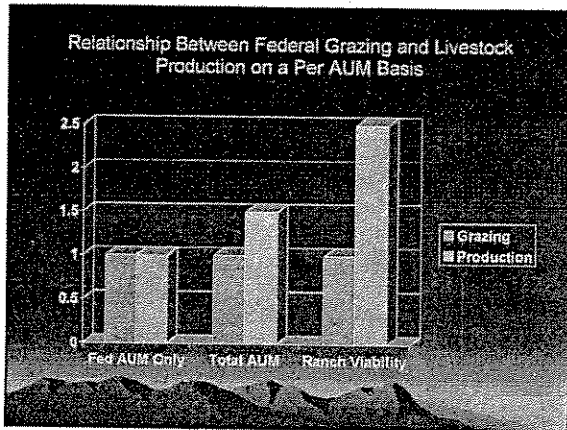
---

---

---

---

---




---

---

---

---

---

---

---

---

---

---

### Table . Economic Impact of BLM AUMs in Fremont County

	BLM AUMs Only	Total AUMs	Economic Viability
AUMs	272,600	408,900	681,500
Direct Impact	\$9,802,696	\$14,704,044	\$24,506,740
Total Impact	\$20,567,670	\$30,851,505	\$51,419,175
Labor Earnings	\$3,944,522	\$5,916,783	\$9,861,305
Employment	277	415	692

---

---

---

---

---

---

---

---

---

---

### Surveys of Attitudes Toward Grazing

- Wallace et al. (1996), Survey of visitors to Uncompahgre National Forest in Colorado
  - 14 percent = opposed grazing
  - 27 percent = grazing is ok
  - 40 percent = grazing acceptable, but mgmt should be improved
  - 19 percent = no opinion
- Wolfrorst et al. (2003), Survey of Idaho residents in 4 counties
  - 80 percent = for grazing, or neutral
  - 20 percent = were definitely opposed
- So, 75 to 80% of public can accept grazing with 'appropriate' management

---

---

---

---

---

---

---

---

---

---

### Observations and Conclusions

- Economic impacts of grazing reductions is more negative on individual ranches *and communities* than many people or Agencies realize.
- A 50% reduction in grazing on BLM lands in Fremont County could put a significant number of ranchers out of business.
- The best available survey data suggests that 70% to 80% of public are not opposed to grazing if it is managed "appropriately."

---

---

---

---

---

---

---

---