

# Federal Grazing Permits and Seasonal Dependencies in Southeastern Oregon

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A significant information gap in the literature and rhetoric surrounding the federal land grazing controversy is a comprehensive picture of the ranchers who use the Federal grazing lands, the seasonal and full year reliance of local ranchers on federal land grazing for basic forage, and the nature of Bureau of Land Management (BLM) and United States Forest Service (USFS) grazing permits. A great deal can be learned on these subjects by examining the individual permittee files in the BLM and USFS offices. During the summer of 1992, with the co-operation of the BLM and USFS offices in Grant, Malheur, Harney, and Lake Counties of Oregon, all the permittee files in these areas were examined, and a set of data on each permittee was taken and was used to describe the following:

- (a) the nature of permit size and distribution, which serve as indicators of the size of the ranches involved;
- (b) the cost of the permit or lease to the permittee for grazing and for any capital improvements made on the Federal range;
- (c) the business organization of the individual ranches, whether they be individual proprietorships, partnerships, corporations, trusts, or estates;
- (d) grazing season patterns, which show whether the Federal land is used year-round or during specific months, and
- (e) the annual and seasonal use of the Federal land grazing in each county.

An important difference between the Bureau of Land Management and the Forest Service involves the type of contractual grazing agreements they issue. The BLM issues Section 15 leases or Section 3 permits, while the Forest Service issues either term or temporary permits. Temporary permits issued by the USFS are on a year-to-year basis and are usually granted in years of abundant forage. Term permits issued by the USFS, and Section 3 permits issued by the BLM, are long term contractual arrangements between the forest service and an individual ranch giving the right to graze livestock on a specific portion of public land administered by the respective agency. These permits convey no interest in the land, but only in the forage growing thereon in that a permittee is allowed to graze a certain number of animals for a specific period of time. Both types of permits may call for common allotments with several ranchers grazing cattle together, or exclusive allotments with only one rancher allowed to use a specified portion of the range (the permitted allotment).

Section 15 BLM leases generally involve a relatively small acreage, surrounded in part or in whole by private land and are a true land lease. Although small in size, Section 15 leases are very important to the private land

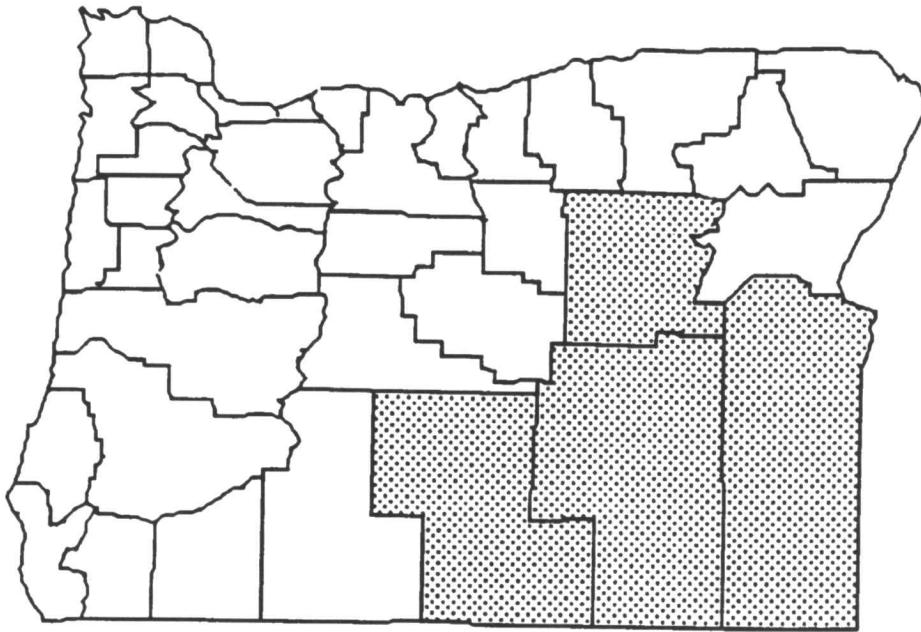
owner. They are quite often not fenced off, and they may control water or some other resource critical to the usefulness of the surrounding private land. With the exception of Grant County, the majority of the BLM permits in the study area are Section 3. Thus unless stated otherwise, when reference is made to BLM permits in this article it will be to Section 3, with Section 15 leases will be referred to merely as leases.

The size of the BLM permits and leases in the study area vary considerably. All BLM contracts in Grant County are leased. Malheur County has a few leases, but most BLM grazing is under permit. All BLM grazing in Harney and Lake Counties is under permit. Thus all BLM leases in Grant County are relatively small (2 to 3,968 AUMs) compared to permits in Malheur County (from 7 to 25,058 AUMs), Harney County (from 2 to 20,812 AUMs), and Lake County (from 2 to 35,105 AUMs). The latter three counties are characterized by larger permits on the BLM than the USFS, both in size and in total number of permits in the area. Malheur County has very little USFS land, with only three Forest Service permits issued to ranches with headquarters located within the county (Greer, 1994).

Not only is there a significant variation in the size of permits and leases, but their size distribution varies significantly between counties, and has changed considerably over the study period. This pattern can be illustrated by dividing the permits into small (1 to 300 AUMs), medium (300 to 1,000 AUMs), large (over 1,000 to 5,000 AUMs), and very large (over 5,000 AUMs). Throughout the study area the largest percentage of permits were in the small category. This has not changed since 1987. What has changed is that percentage of permits in the small category has gone up at the expense primarily of the large and very large groups. For example, there are no permits or leases in Grant County in the very large category. In 1987 there were 8 permits for over 5,000 AUMs in Malheur County, 6 in Harney County, and 1 in Lake County. By 1992 there were only 3 in Malheur County, 3 in Harney County, and one remained in Lake County. The percentage of total permits falling into the medium size category remained quite stable between 1987 and 1992 with 2% or less growth in Grant, Harney, and Malheur Counties. Thus dominant permit size category remains the small, with the medium, large, and very large trailing in that order, with the large and the very large categories decreasing in size in terms of both absolute numbers and percentage of total permits (Greer, 1994).

During the period covered by the study, the number of active permits increased for all counties, while the average permit size decreased. In Harney County from 1987 to 1992, the number of active USFS permits increased from 26 to 34, and from 217 to 248 with the BLM. During the

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same period in Harney County, average permit size decreased by 76 AUMs on the USFS and 237 AUMs on BLM allotments. The same trends also occurred in Lake and Malheur Counties. These adjustments may reflect agency action in the form of either non-scheduled AUMs (BLM) or suspension (BLM and USFS), permittee action (non-use), the alteration of a permit when a ranch changes ownership, or some combination of these. "Non-scheduled" permit number reduction by the BLM is considered temporary and may be a mutual agreement between the rancher and the agency, while suspension by the BLM may occur due to range or water condition, or for disciplinary reasons, and is considered permanent. The majority of adjustments in the number of AUMs allowed to graze a specific permit in a specific year are temporary and do not result in the elimination of "active" status of the permit. It should be noted that the years 1990 and 1991 were at the end of a protracted period of drought in southern Oregon. Consequently, much of the reduction in AUMs during those years were quite possibly the result of severely decreased forage and water. The net effect of these various adjustments on Federal range is that reductions in permit size have offset the increased number of permits, leaving fewer AUMs on the Federal grazing lands. Further, the number of very large permits, i.e., 5,000 AUMs or above, decreased from 15 in 1987 to 7 in 1992, which may indicate a general trend away from larger permits.

Even though large permits still exist in Malheur, Harney and Lake Counties as illustrated above, it must be noted that the majority of the permits are still small. A permit licensing a large number of AUMs does not necessarily allow for a large number of animals on the range, for example, a 20,000 AUM permit with an allotted grazing season of 5.2 months, will accommodate 3,846 ( $20,000 \div 5.2$ ) cow-

calf pairs or the equivalent. That may be considered a big ranch, but there was only one active permit of that size in the study area in 1992.

Pasturing cattle on public lands is not without cost. Expenditures may be divided into grazing fees, non-fee costs, and expenditures. Fee and non-fee costs are the variable costs of grazing cattle on public land and have been well documented elsewhere (Obermiller, 1992). In contrast, capital expenditures by permittees on public land have received relatively minor attention. These have included the development of watering facilities, division fences, lay-down fences, cross-fences, range seeding, brush eradication, and other land improvements. From 1987 to 1992, these expenditures have displayed a somewhat uneven pattern, with the overall trend being down, most notably on the BLM after 1990 (Greer, 1994). Economic theory and common sense suggest that in order to fully enjoy the benefits of a capital expenditure, tenure in the improved resources must be sufficiently secure, and of sufficient length, to fully depreciate the improvements made. Thus, if a permittee has the perception that the Federal range will not be available long enough to fully use or depreciate a contemplated capital improvement to a permit, the investment will probably not be made.

Expenditures made by permittees for annual maintenance of the improvements on the Federal range were not recorded in the permit files. Obermiller (1992) has estimated that maintenance expenditures range from \$.49 to \$1.76 per AUM on BLM permits, and \$1.82 on USFS. Thus a permittee with a 500 AUM allotment could expect to spend between \$245.00 and \$880.00 per year on a BLM permit, and \$910.00 on a USFS allotment of equivalent size.

The most frequent type of ranch business organization throughout the study area is the sole, or single, proprietor-

ship. Corporations accounted for the largest number of AUMs in both the study area as a whole, and in all the counties except Grant, where the number of permitted AUMs was about evenly split between sole proprietorships and corporation. Partnerships, estates, and trusts were quite infrequent.

With the majority of permitted AUMs allocated to corporations, it would appear that the larger operations, requiring the larger permits, tended to incorporate. This makes sense for the few non-resident owners who generally prefer the corporate structure in order to isolate their ranch properties from their other investments, and vice-versa. More importantly, however, many family ranches incorporate for estate planning purposes, as it often is easier to bequeath shares of corporate stock than other less divisible assets.

The reliance of local ranches on public land grazing is a complex matter. Calculated as annual dependencies, public land grazing can appear insignificant, but when calculated on a seasonal basis, its importance to the ranching community becomes more evident. From 1987 to 1992, the percentage of the total annual demand for forage in the study area provided by federal land grazing falls between 13% and 26%. However, during the grazing season from May through September, the Federal range becomes considerably more important as it provided from 32% to 69% of the forage for ranches in the individual counties, and between 35% and 48% of the forage needs of the ranching community in the study area as a whole. These ranches are located in either desert or semi-desert areas, which limits their ability to develop additional forage sources. Consequently, if the Federal range were eliminated as a source of forage, it would be reasonable to expect that up to 50% of the range livestock in Malheur, Harney, and Lake Counties, and to a lesser extent in Grant County, would need to look outside the area for feed, or be sold. The elimination of federal grazing rights would impact small ranchers most heavily, as they generally have fewer management alternatives in terms of changing their land use patterns. For example, if a 200-cow operation needed to reduce the herd by 20% in order to accommodate their animals year-round on private land, this would leave them with 160 cows. This is a more significant impact in terms of the economic viability of the unit than if a 1,000-cow operation had to make the same percentage adjustment.

The economic base for the majority of the study area is primarily timber, wood products, and livestock production as the climate does not allow for diversified crop production other than in the Treasure Valley area in northern Malheur County. Thus, if from 30% to 50% of the summer forage is eliminated, causing a significant reduction in one of the dominant industries, there could well be a very real negative economic impact on all sectors of the county.

If the premise can be accepted that large ranches are generally financially stronger than the small due in part to economies of size, it would seem reasonable to expect that as small ranches went out of business due to the loss of forage, the deeded land would be purchased by, and incorporated into, the larger operations. This will not completely replace the forage lost on the Federal range, as much of the private land is used for raining winter feed. If land is

converted to summer pasture, it will severely restrict the number of livestock the area could support during the winter, even after the consolidation of the smaller ranches. Further, if the scenario outlined above is accurate, reduction or elimination of Federal grazing would appear to be a policy action that encourages the expansion of the larger ranches at the expense of the small family operations, and quite possibly the ranch-dependent communities as well.

During the period covered by the study, southern Oregon was experiencing a severe drought. At the same time, the reduction in permit numbers both through permittee and agency action were increasing (Greer, 1994). The summer of 1993 appeared to end the drought as ample precipitation covered the entire study area. If 1994 provides adequate rainfall, it would be interesting to see what effect this has on permit numbers, thus testing the hypothesis that reductions during the study period were primarily in response to dry range conditions. It is expected that the data base used in this study will be updated during August and early September of 1994.

It is evident that livestock numbers on Federal rangelands are decreasing and that if the present trends continue, all livestock eventually will be removed. Whether this final result is due to agency action, livestock economics, drought, or a combination thereof, the fact remains that economic and social structure of the counties heavily dependent on Federal grazing will be significantly altered. The seasonal dependency on Federal land for livestock forage is significant, consequently elimination, or even severe reduction in permit numbers, will have, and quite possibly is already having, significant negative impacts on the availability of livestock forage, and thus on the ranches in the area and the communities dependent on them. Thus it is incumbent on all who either make or influence Federal grazing policy to fully consider the effects of their activities on the ranchers, and on the ranching-dependent communities which will bear the economic and social consequences.

## References

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