The Emergency Feed Program

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Agricultural subsidies have been a major concern to tax payers in the United States since the early 1980's (Knutson et al. 1990, Schiller 1991). In the 1980's they cost tax payers over $250 billion and are continuing at a rate of $15–25 billion per year (Schiller 1991). Part of the 1994 Republican congressional majority "Contract with America" agenda involves cutting the national deficit. As a way to help reduce the federal deficit, reductions in agricultural subsidies are being discussed by both the Democratic and Republican parties.

The primary federal subsidy available to ranchers on rangelands throughout the United States is the "Emergency Feed Program" administered by the United States Department of Agriculture Agricultural Stabilization and Conservation Service (USDA-ASCS). This agency is now part of the Consolidated Farm Services Agency (CFSA). This subsidy reimburses ranchers on both private and public lands for 50 percent of the cost of additional feed needed to sustain their animals during drought and other disasters.

Although it involves millions of dollars and is widely used by western ranchers on both private and public rangelands, the effects of "The Emergency Feed Program" on financial outcomes of decisions regarding stocking rate, seeding, brush control, grazing systems, etc., have seldom been considered by range economists.

The Emergency Feed Program

Since 1988 roughly 1 billion dollars in cash payments have been paid to livestock producers in the United States under the USDA-ASCS Emergency Feed Program (Table 1). On average about 43,000 producers have received $3,900 per year in cash payments (1988–1993 period). However during the Great Plains drought in 1988–89 as high as 152,446 producers received $519,106,000 for an average of $3,405 per producer.

Data in Table 2 shows that great variation exists among states and regions in average emergency feed payments per rancher. Ranchers in the western states have generally received higher emergency feed payments than those in the Great Plains but there are exceptions such as Arizona and South Dakota.

The Emergency Feed Program originated in the late 1960's as a way to help farmers and ranchers cope with drought and at the same time reduce supplies of grains held by the USDA caused by over production under other farm programs. During periods such as 1980 and 1988–1993 when USDA held stocks of feed grains were low, a policy of cash payments was implemented (Table 1).

In order for ranchers to qualify for the Emergency Feed Program they must report a 40% reduction in forage production on their lands to their local USDA-ASCS office in counties declared eligible for emergency feed relief due to drought or some other disaster. This subsidy is available to ranchers but there are provisions that permit random checks by USDA-ASCS personnel. However, in some cases USDA-ASCS personnel appear to lack the qualifications for an accurate appraisal of forage conditions. About 10% of the applicants of the program are checked each year. County qualification for the Emergency Feed Program is based on recommendations of the local USDA-ASCS boards which are comprised of local farmers and ranchers. The length of rancher eligibility for the program ends when

Table 1. Total value ($1,000) of non-cash (feed) and cash payments to ranchers in the United States from the USDA-ASCS Emergency Feed Program in the 1980–1993 period[1].

Year[2]	Total non-cash (feed) assistance ($1,000)	Total cash payments ($1,000)	Total value ($1,000) of all emergency feed assistance
1980	0	+328,504	+328,504
1981	0	+16,051	+16,051
1982	0	-134	-134
1983	0	-43	-43
1984	0	+175	+175
1985	+962	+34	+996
1986	+85,488	+312	+85,800
1987	+40,865	+30,962	+71,824
1988	+527	+525,799	+526,326
1989	-88	+153,484	+153,396
1990	0	+102,155	+102,155
1991	-9	+88,159	+88,150
1992	0	+55,384	+55,384
1993	0	+95,171	+95,000

[1]Source of information: Richard Pazdalski, Budget Division, USDA-ASCS, Washington, D.C. (phone: 202-720-5148).
[2]Data normally reported for fiscal year (Oct 1–Sept. 30) but we have reformatted data to calendar year basis to make it compatible with annual climatic conditions.
[3]Negative values in 1982 and 1983 are due to Emergency Feed funds held by local USDA-ASCS districts but returned to federal government due to lack of declared drought conditions.

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Table 2. Average cash ($1,000) emergency feed payments, average number of ranchers receiving payments and average payment per rancher per year in the 1988–1992 period in the western and Great Plains states[1,2].

	Average number of ranchers/year receiving payments	Average cash payments ($1,000) per state/year	Average cash payment $/rancher/year
	Western States		
Arizona	200	294	1,470
California	1,390	8,661	6,195
Colorado	240	1,191	4,963
Idaho	480	3,351	6,981
Montana	1,800	13,551	7,528
Nevada	160	2,973	18,581
New Mexico	1,400	3,980	2,842
Oregon	350	4,255	12,157
Utah	1,100	3,111	2,828
Washington	90	493	5,487
Wyoming	740	2,318	3,132
Total	7,950	44,178	
Average	723	4,016	5,555
	Great Plains States		
Kansas	520	1,160	2,231
Nebraska	580	755	1,302
North Dakota	980	5,371	5,481
Oklahoma	2,620	7,426	2,834
South Dakota	1,280	7,471	5,837
Texas	7,910	23,901	3,022
Total	13,890	46,084	
Average	2,310	7,681	3,325

[1]Data corresponds to calendar rather than fiscal years.
[2]Source of Information: Richard Pazdalski, Budget Division, USDA-ASCS, Washington D.C. (phone: 202-720-5148).

the local board decides that feeding is no longer needed because of resumption of forage growth due to adequate precipitation.

We found it difficult to get an exact handle on the degree of rancher participation in "The Emergency Feed Program" because of the wide variation in its use among areas and the problem of what actually constitutes an eligible rancher. Our interviews with USDA-ASCS personnel in 1994 indicated as high as 80–90% participation of those ranchers with over 150 animal units in some counties while in others it appears to be around 50 to 60%.

An aspect of the Emergency Feed Program that merits consideration is that it is administered unevenly among states, counties, and ranchers. Ranchers approved for the program in Oregon have received much higher payments on average than those in New Mexico (Table 2). However on average the percentage of applicants actually approved and paid this subsidy is much higher in New Mexico (90%) than Oregon (65%).

Because the Emergency Feed Program removes part of the financial risk associated with drought, it gives ranchers a financial incentive to stock their ranges for high precipitation years instead of average or below average years. This situation would not be so bad if range management requirements were attached to the program and counties could qualify for the program in only the worst of drought years. Since 1988 requirements to qualify for the program have been relaxed. In most cases ranchers now have access to the program in all years except those with above average precipitation. Reports by agricultural economists at New Mexico State University and USDA-ASCS data show parts of southeastern New Mexico have qualified for the program in 6 of the last 6 years although severe drought occurred in only 2 of these years. Other parts of New Mexico have qualified for the program for 4 of the last 6 years but severe drought occurred in only one of these years. Major portions of southeastern Oregon have qualified for the program in 4 of the past 6 years although severe drought occurred in only 2 of these years. These data indicate the program has become more of an annual entitlement than a means of helping ranchers deal with seldom occurring catastrophic disaster.

Emergency Feed and Sustainable Grazing

Perhaps the biggest drawback to the Emergency Feed Program is that it appears to make non-sustainable grazing profitable. Economic analyses from shortgrass range in New Mexico show that moderate grazing gave higher long term profits (10–20 years) than heavy grazing without the emergency feed subsidy (Holechek 1994). However with the emergency feed subsidy heavy grazing was actually more profitable over a 10 year period (Table 3). Stocking at 25% above the moderate sustainable level would be financially effective for cow-calf operations that used the Emergency Feed Program as it is presently administered.

The Emergency Feed Program does affect the status of federal rangelands. Feed shortages on federal lands are considered equally with private lands when payments to ranchers are calculated. Emergency feed is not supposed to be fed to livestock on federal lands. Therefore livestock are supposed to be moved to private land for actual feeding. However this is not always done based on our interviews with range conservationists.

An interesting aspect of the Emergency Feed Program is that stockmen who have been some of the heaviest recipi-

Table 3. Total 10 year accumulated financial value (1981-1991) from heavy and moderate continuous grazing on shortgrass range in the central mountains of New Mexico with and without the USDA-ASCS Emergency Feed Program (Based on Holechek 1994).

Management option	Moderate continuous grazing	Heavy continuous grazing
Sell cattle in drought	$483,512	$443,068
Feed cattle in drought without Emergency Feed Program	$483,512	$477,320
Feed cattle in drought with Emergency Feed Program	$497,262	$554,640

ents of federally-funded range reclamation programs also receive some of the highest emergency feed payments. In the Bureau of Land Management's Vale grazing district (southeastern Oregon), qualifying ranchers have averaged about $11,000 in cash payments over the past six years. Several of these ranchers received payments of over $25,000 with some as high as $50,000 a piece in 1994. Many of these same ranchers were bailed out at a federal cost of about $304,000 a piece (in 1992 dollars) by the Vale Rehabilitation Program initiated in 1963 to reverse 80 years of destructive grazing (Holechek and Hess 1994). The same problem of inadequate forage resources relative to livestock numbers that existed prior to the Vale Rangeland Rehabilitation program in 1963 apparently still exists.

Emergency Feed Program and Consumer Prices

Probably the strongest argument that can be made for the Emergency Feed Program is that it should lower beef prices for the consumer and minimize beef price fluctuations. If there was a scarcity of beef on world markets this benefit might be creditable. However in recent years world beef supplies have rapidly increased lowering world and domestic prices (USDA 1993).

Because the lower grades of beef are being produced at lower cost in other countries such as Australia and Argentina, the United States imposes quotas that keep domestic beef prices above those on the world market (Knutson et al. 1990). Therefore it is doubtful the Emergency Feed Program has any benefit to consumers and its a liability to those who are tax payers.

Emergency Feed and Rancher Profit Margins

The Emergency Feed Program contributes to an excessive supply of meat relative to what would occur under market forces without the subsidy. Because beef demand is somewhat inelastic (Workman et al. 1972), the Emergency Feed Program depresses profit margins disproportionately to the added supply (increased cattle numbers), (Knutson et al. 1990). Depressed profit margins generally have more adverse impact on smaller and medium sized operators than larger ones (Knutson et al. 1990). This is because larger operators have more opportunities to cut costs through economy of scale. Ranch budgets by agricultural economists at New Mexico State University confirm that size of emergency feed payments do increase with size of operation (Torell and Word 1991a,b). However on a payment per animal unit basis, there is little difference among large, medium, and small sized operations.

Some ranchers are aware of the Emergency Feed Program but refuse to use it because they want to avoid government dependency. Unfortunately it serves to punish them because of the depressed livestock prices that result from the increased meat supplies caused by the program.

World Trade Problems

Subsidized oversupply of goods often causes world trade conflicts (Knutson et al. 1990). Dumping of surplus agricultural commodities (beef) at prices below production costs by the USA and the European countries has caused economic harm to developing countries who depend on export of agricultural products to service their debt and generate foreign currencies to purchase complex goods. Dumping denies developing countries their legitimate market share and creates a disincentive for them to expand production even through their producers have a genuine comparative advantage.

Emergency Feed and Technology Application

An unrecognized problem with the Emergency Feed Program and, for that matter, with subsidized range reclamation programs is that they cause distortions in development and application of scientific technology. Supplemental feeding practices by ranchers in New Mexico provide an example of failure of technological application due to government subsidies. Budgets by agricultural economists at New Mexico State University show ranchers throughout the state sustain average supplemental costs over twice what they should be under use of the best technology ($45–50 versus $15–20 per animal unit) (see Wallace 1987, Holechek 1992, Torell and Word 1991a,b).

Further, the type of supplemental feeds and timing of their use by ranchers vary considerably from what is indicated by research. Our interviews with ranchers and USDA-ASCS personnel indicate the Emergency Feed Program is at least partially responsible for this inconsistency. By encouraging non-sustainable stocking rates, and by greatly reducing the cost of supplemental feeding, the Emergency Feed Program has to a large extent undermined the use of the most efficient supplemental feed practices.

Implications

The Emergency Feed Program administered by the USDA-ASCS on average has cost tax payers about 170 million dollars per year since 1988. Although the original intent of the program was to provide low cost feed to ranchers during years where severe drought prevails, it has turned into a cash entitlement. It has adverse impacts on domestic livestock prices, encourages non-sustainable grazing, distorts world meat markets, causes greater rancher dependency on government policies, is costly to tax payers, and is of doubtful benefit to consumers due to quotas on beef imports. It is our opinion that the Emergency Feed Program explains to a large degree why non-sustainable (heavy) grazing continues to be a major rangeland problem in the USA even though numerous reports show it to be financially unsound (see reviews by Vallentine 1990 and

more reasonable subsidization policies, we believe the long term welfare of ranchers will best be served by allowing market forces to function freely without government intrusion.

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Viewpoint: Molding a Contemporary Image of Rangelands and Rangeland Professionals

Bertha C. Gillam

In less than five years we will usher in, not only the 21st century, but a new millennium as well. The dramatic forces of change and reinventing government are just beginning to affect the way the Federal government and specifically how the Forest Service is structured and functions.

Some think that we will be restructured, reinvented, reengineered, flattened-out, downsized, and delayered overnight. Therefore, having a state of mind that is flexible and innovative is a necessary offensive weapon for anyone in this changing work environment (Creativity Fringes, December 1994).

As we approach these historical milestones, we must ask ourselves whether we are adequately prepared to meet the complex challenges ahead. Is rangeland management in the traditional sense rapidly becoming a non-profession? Are we willing to make quantum changes and commitments so we can benefit from quality careers, and our Nation can benefit from quality rangeland professionals?

Peter Drucker has said and I concur, "The relevant question is not what shall we do tomorrow, but what shall we do today to prepare for tomorrow."

We all know change is not only a fact of life, but the very essence of life. Change is the reality for organisms and ecosystems; either they adapt to environmental change, or travel the route to extinction. The same adaptation principle is true for the "living" systems of human origin; such as corporations, universities, agencies, and professional societies, including the Society for Range Management, that are concerned with management of lands and natural resources. To remain relevant and viable, institutions must adapt to the changing environment. For rangeland professionals to remain relevant and viable, I believe their skills and expertise must be understood, valued and relevant.

"Molding a Contemporary Image of Rangelands and Rangeland Professionals" is the theme for this Professional Issues/Women's Breakfast this morning, and a very appropriate one at that! As Director of Rangeland Management for the USDA Forest Service, I am very much aware of the challenges that face rangeland professionals, and I have some thoughts on the changes we could make to remain "viable".

My remarks are intentionally aimed to make us think about how rangeland professionals can and should change over the next decade or so.

My remarks are divided into three areas. First, I will take a quick look at the history of our profession. Next, I will review some of the major factors that shape the nature of natural resources and management challenges we must successfully confront. Finally, I will advance some proposals for you to consider.

Now, let's take a quick retrospective look, using my agency, the Forest Service, as an example.

The foundations of the Forest Service were laid by scientists, naturalists, politicians and impassioned poets. One

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