

Opportunities In Range Management Through Association¹

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Highlight

Small farmers and ranchers are forming grazing associations and buying land with funds advanced through the Farmers Home Administration. This article lists benefits accruing to association members and tells how economic feasibility of such projects is determined.

During the past three years the Farmers Home Administration has been helping groups of small ranchers and farmers purchase grazing areas as such areas come on the market.

From March 1963, to May 31, 1966, approximately 1,666 farmers and ranchers in 10 states formed 83 grazing associations and with funds obtained through the Farmers Home Administration borrowed \$31,896,310 to purchase or lease 1.6 million acres of grazing land (Table 1).

Approximately 250 applications were being considered as of May 31, 1966.

The applications were filed in 31 states and Puerto Rico: New York, Pennsylvania, Illinois, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, South Dakota, Alabama, Arkansas, Florida, Georgia, Kentucky, Mississippi, North Carolina, Oklahoma, South Carolina, Texas, Virginia, West Virginia, Colorado, Idaho, Montana, New Mexico, Utah, Oregon, Washington, and Wyoming.

The genesis of the grazing associations springs from the problem small ranchers in increasing numbers bring to the county supervisors of the Farmers Home Administration—the problem of

Table 1. Farmers Home Administration Grazing Association loans, cumulative through May 31, 1966.

State	No. of Associations	Amount Loaned	Acres in Grazing	No. of Families
Arkansas	1	\$ 28,000	400	10
Colorado	21	14,517,360	650,000	804
Idaho	9	1,440,700	35,072	79
Kansas	2	513,600	13,927	20
Montana	14	5,923,440	345,409	277
New York	1	15,000	286	7
South Dakota	30	4,908,120	156,545	274
Utah	1	275,000	12,600	25
Washington	1	103,380	2,327	40
Wyoming	8	4,171,710	446,434	130
TOTAL	88	\$31,896,310	1,663,000	1,666

lack of sufficient land resources to carry on an adequate, well-balanced farm and ranch operation.

When a number of small farmers and ranchers in the same area present the same need the county supervisor encourages them to seek the solution by organizing a committee to discuss the advisability of forming a grazing association. The first responsibility of the committee is to locate a desirable and feasible grazing tract.

The county supervisor works closely with the committee and by the time a suitable tract comes on the market the group is well informed about all the steps needed to set up and operate a grazing association. They understand that an elected board of directors will decide how the grazing area will be managed and that a manager hired by the board will carry out their decisions.

The negotiations to obtain options and ultimately purchase the land are carried on entirely by the committee. Usually the membership of that committee becomes the first board of directors of the association.

The organization and operation of a grazing association is relatively simple and its activities are in no way dictated by the Farmers Home Administration.

The organization and operation of a grazing association is identical with that of the non-profit associations the Farmers Home Administration finances for the development of water systems, sewer systems, recreation areas, and senior citizen housing.

The benefits that accrue to the members are many:

1. Membership in a grazing association often represents the only remaining opportunity for the small rancher to increase the size of his operations and to stay in business. He needs more land, but the possibility of buying a ranch when it comes on the market is out of the question. However, the prospect of buying a ranch in cooperation with forty of his neighbors is a different matter. Especially when the Farmers Home Administration is able to provide the financing.

2. A farmer participating in a grazing association has more flexibility in planning the use of his crop land and home pasture land.

3. The farmer member of a grazing association is able to spend maximum time with crops during peak seasons while the manager hired by his association looks after his livestock.

4. Measures to control noxious weeds and rodents can be more effectively carried out on association grazing land and on the

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home tract pastures when both tracts are idle during portions of the year.

5. Careful sire selection by a committee of association members will result in improved quality of livestock for most members of cow-calf associations.

6. Association grazing provides a greater number of uniform high-quality animals available at a central location at one time, thereby attracting more buyers and creating a stronger market.

7. Unlike the usual lease fee a rancher pays for grazing land, a portion of the fee he pays for the use of his association's land builds his equity in the association's property. This membership equity can be sold or traded in accordance with association by-laws.

8. The stability of tenure afforded through grazing association membership provides a stability of operations, an opportunity to stay with a long-range management plan, that is not present when the rancher is dependent upon leased grass.

Further benefits arise from the requirement that a shift in land use take place each time the Farmers Home Administration finances a grazing association.

The possible land-use shifts that can occur when a grazing association is established are many.

The most obvious shift is the reseeding to grass of marginal cropland within the area purchased. This shift eliminates a soil erosion hazard and cuts down the production of surplus crops. If the cropland was used to produce winter feed, the production of this basic resource will be transferred to the member's headquarters unit, usually with improvement in the quality of the winter feed. It has been contended that the reseeding of cropland to grass will in itself increase livestock production

and thus promote another surplus. This is unlikely since even marginal cropland will usually produce more pounds of meat than the same land will produce when used for grass.

A second land-use shift on some units is the use of native hay meadows for grazing, since winter feed will be supplied by the headquarters unit. This practice is a more efficient use of forage, and more important, the meadows will always have a relatively high carrying capacity even in dry years. This promotes protection of the upland ranges in dry years and permits more flexibility in rotational use under ordinary circumstances. The general result is more stability in the year-to-year carrying capacity of the whole unit.

A third and most important shift is better conservation and management. It will take a good many years of careful management to restore many thousand acres of over-grazed and frequently drought-ridden ranges in the West to something like climax condition. The more important management practices include deferred rotational grazing, better distribution of water, cross fences, brush control and control of run-off. Since the grazing associations are encouraged to take full advantage of all of the assistance available from government agencies, substantial progress in better range management can be anticipated.

The development of recreation areas is another potentially significant way to make multiple use of grazing lands. Uses that are being developed include hunting, fishing, picnic areas, facilities for riding clubs and skiing. Location of the land and seasonality of the recreation, of course, control the extent of these possibilities. The feasibility of development will vary between the plains and hill country units.

In our opinion the most im-

portant shift in land use occurs on the member's headquarters unit. If the member is basically a crop farmer the grazing association permits him to add a livestock enterprise or increase his existing livestock operation. This will give him an opportunity to convert his own feed crops to meat instead of selling his ensilage and grain to be fed off his farm. If he develops his feed reserves he will be flexible enough to market some or all of his marketable stock at almost any season of the year, ranging from calves in a cow-calf outfit—to short yearlings—to fall yearlings—to warmed up feeders—to full fed slaughter cattle.

If the member is basically a small livestock man he is provided with the opportunity to better manage his existing resources by grazing rotation, by better protection of his winter range, and by the opportunity to carry his steer yearlings and replacement heifers.

Economic Feasibility

To determine the economic soundness of a grazing association loan we use four general guidelines:

1. The price of the land to be purchased cannot be greater than the present market value of comparable land in the area.
2. The annual grazing use fee alone may not be greater than typical grazing fees in the community.
3. The fees charged by the grazing association must be large enough to support annual operating costs, to pay taxes, meet annual installments due on principal and interest, and provide for a reserve fund to cope with unforeseen contingencies.
4. The individual member must be able to use the resources provided by the grazing association to the advantage of his established

farm and ranch operations.

In some quarters the question has been raised as to what steps the Farmers Home Administration would take if the grazing association was unable to make the payments on the loan. If, after all of the best efforts of the agency and the association were exhausted, and no way could be found to keep the association in business, we would dispose of property to small farmers and ranchers. In no case would the land become government property for more than a very short period.

This is not a government land acquisition program but a credit tool to serve family-sized ranchers and farmers.

The response to the formation of these grazing associations has been heart warming.

The members naturally are

grateful for the chance to get the extra land resources and are making effective and economical use of their resources.

But we have received equally enthusiastic response from the communities that lie nearby.

By and large the businessmen, the civic and political leadership of our rural communities, are well aware of the damage that is done to the rural community when the land in the community falls into the hands of a few. Community leaders are quick to sense the stability and the increase in local economic strength that comes when the land returns from the hands of one absentee owner to the hands of a score or more of local farmers and ranchers.

We have seen cases where young families were able to stay in the community because they

were able to obtain needed land through the local grazing association. Their greatest opportunity is in their local community.

The significance of this local leaders understand.

The grazing association loan program along with the other loan programs of the Farmers Home Administration such as the association loans for sewer and water helps build the local economy in rural communities and improves the equality of living in these communities to prevent their decay and loss of population.

These loan programs go far in furthering two of the Farmers Home Administration basic objectives — developing efficient family farms and ranches and strengthening the rural community.