

# STATE BOARD OF LAND COMMISSIONERS

March 21, 2023  
Information Agenda

## Subject

AUM Grazing Lease Rate for Calendar Year 2024

## Background

In 1993, the State Board of Land Commissioners (Land Board) adopted a formula to determine the annual grazing fee for leases on state endowment trust land. The formula is based upon four indices used to approximate the value of forage on state endowment trust land and is applied on an Animal Unit per Month (AUM) basis. These indices include prices received for beef cattle, forage values, and the price of inputs to produce beef cattle. The indices are published each December and January by the USDA National Agricultural Statistics Service (NASS) and reflect information gathered for the previous 12-month period.

## Discussion

Based on the most recent indices reported, the grazing fee for 2024 will be **\$6.56 per AUM**. The new rate represents a decrease of approximately 10% from the 2023 AUM rate of \$7.28. The primary drivers of this decrease were due to a significant increase in the cost of inputs.

Formula value changes are as follows:

Value	% Change
FVI – Forage Value Index	Increase of 3%
BCPI – Beef Cattle Price Index	Increase of 19%
PPI – Prices Paid Index	Increase of 29%
IDFVI – Idaho Forage Value Index	No change

All grazing lessees will be notified of the 2024 rate within 6 months of the new rate taking effect in accordance with IDAPA 20.03.14.041.

The AUM fee formula, as approved by the Land Board, states that if the previous 12-month (October 1 - September 30) average lamb price is less than or equal to 70% of the price for calves under 500 pounds during the same period, the sheep AUM rate will be reduced 25%. Price data will be reviewed in October 2023 to determine if the lamb and calf price difference is sufficient to result in a lower AUM rate for sheep operators in 2024. Current price trends show that a reduction will likely not be necessary.

## Attachments

1. 2024 AUM Rate Calculation

## 2024 AUM Rate Calculation

### Land Board Adopted AUM Formula:

$$\text{IDFVI}_{t+2} = -6.92 + (0.13 \times \text{FVI}_t) + (0.60 \times \text{BCPI}_t) - (0.33 \times \text{PPI}_t) + (0.74 \times \text{IDFVI}_t)$$

$$\text{AUM Rate} = \text{IDFVI}_{t+2}/100 \times 1.70$$

Where

**IDFVI** ( $t+2$ ) is the predicted value of the Idaho Forage Value Index for the year the grazing fee is to be set;

**FVI** $_t$  is the most recent published Forage Value Index for the 11 western states;

**BCPI** $_t$  is the most recent published Prices Received for Beef Cattle Index for the 11 western states;

**PPI** $_t$  is the most recent published Prices Paid Index for the United States;

**IDFVI** $_t$  is the most recent published value for the Forage Value Index for Idaho.

### 2024 Indices and Calculation

Forage Value Index (FVI)	=	616
Beef Cattle Price Index (BCPI)	=	571
Prices Paid Index (PPI)	=	1347
Idaho FVI (IDFVI)	=	560

$$\begin{aligned} \text{2024 IDFVI:} & -6.92 + (.13 \times 616) + (.6 \times 571) - (.33 \times 1347) + (.74 \times 560) \\ & = 385.65 \end{aligned}$$

$$\begin{aligned} \text{2024 Fee} & = 385.65/100 \times \$1.70 \text{ Base Value} \\ & = \$6.56/\text{AUM} \end{aligned}$$