

STATE BOARD OF LAND COMMISSIONERS

March 19, 2024
Information Agenda

Subject

AUM Grazing Lease Rate for Calendar Year 2025

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 2025 will be **\$7.93 per AUM**. The new rate is an approximately 21% increase from the current rate of \$6.56/AUM. The primary drivers of this increase were a significant increase in the Beef Cattle Price Index and a slight increase in the Forage Value Index.

Formula value changes are as follows:

Value	% Change
FVI – Forage Value Index	Increase of 1.4%
BCPI – Beef Cattle Price Index	Increase of 22%
PPI – Prices Paid Index	Decrease of 0.82%
IDFVI – Idaho Forage Value Index	No change

All grazing lessees will be notified of the 2025 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 2024 to determine if the lamb and calf price difference is sufficient to result in a lower AUM rate for sheep operators in 2025. Current price trends show that a reduction will likely not be necessary.

Attachments

1. 2025 AUM Rate Calculation
2. Historical Rate Graphs

2025 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.

2025 Formula Indices and Calculation

Forage Value Index (FVI)	=	625
Beef Cattle Price Index (BCPI)	=	698
Prices Paid Index (PPI)	=	1336
Idaho FVI (IDFVI)	=	560

$$\begin{aligned} \text{2025 IDFVI: } & -6.92 + (.13 \times 625) + (.6 \times 698) - (.33 \times 1336) + (.74 \times 560) \\ & = 466.65 \end{aligned}$$

$$\begin{aligned} \text{2025 Fee} & = 466.65/100 \times \$1.70 \text{ Base Value} \\ & = \$7.93/\text{AUM} \end{aligned}$$

Historical Rate Graphs

