

April 29, 2021

Re: Notice of Request for Public Comment on the Executive Order on Tackling the Climate Crisis at Home and Abroad, USDA-2021-0003 (Fed. Reg. Vol. 86, No. 49, Mar. 16, 2021, page 14403)

Dear Secretary Vilsack:

Taxpayers for Common Sense (TCS) appreciates the opportunity to provide public comment to the U.S. Department of Agriculture (USDA) regarding President Biden's Executive Order on Tackling the Climate Crisis at Home and Abroad, which was published at 86 Federal Register 14403 on March 16, 2021.

TCS is a nonpartisan budget watchdog serving the American taxpayer. We support a federal safety net for American farming and ranching businesses, provided tax dollars are invested wisely and efficiently. Federal investments should focus on assisting those farmers and ranchers in need of financial assistance, be directed only at risks that are too costly or complex to manage independent of Washington, and when investments have a tangible, quantifiable impact on achieving critical public resource concerns.

We ask that you consider the taxpayer perspective to the following questions when considering actions to take regarding climate change resilience and mitigation within the agriculture and forestry sectors. Thank you for the opportunity to provide comments.

1. Climate-Smart Agriculture and Forestry Questions

A. How should USDA utilize programs, funding and financing capacities, and other authorities, to encourage the voluntary adoption of climate-smart agricultural and forestry practices on working farms, ranches, and forest lands?

1. How can USDA leverage *existing* policies and programs to encourage voluntary adoption of agricultural practices that sequester carbon, reduce greenhouse gas emissions, and ensure resiliency to climate change?

USDA should prioritize the use of existing conservation programs, properly implement conservation accountability provisions that are already on the books, and strengthen other conservation policies to better sequester carbon, reduce GHG emissions, and increase the resilience of farmers, taxpayers, and communities alike as they face inevitable future impacts of climate change. Perverse incentives that discourage producers from adopting responsible conservation and carbon sequestration practices should be ended as well or otherwise policies will work at cross purposes and undermine one another, leading to taxpayer dollars being wasted on policies that fail to reduce climate risks. More specifically, USDA should:

- ***Prioritize effective conservation:*** *Not all conservation programs or practices provide the same level of benefit to producers or taxpayers. USDA should build on past efforts to quantify the impact¹ that voluntary conservation programs and practices have on both conservation goals and the bottom lines of farm businesses. Creation of a data warehouse to provide access to taxpayer-funded data on program performance and procedures for accessing this data would help facilitate this research (please see below for more info).*

Increased investment in tools to monitor, measure, and model these practices in real world settings is also important. Future federal investments in conservation programs should also be prioritized on the programs most likely to achieve measurable outcomes *efficiently, equitably, and substantially*.² Programs that subsidize normal costs of doing business should be ended so taxpayer resources can instead be targeted at the programs and projects with the best return on investment and most environmental and climate benefits.

- **Remove roadblocks to innovation and responsible risk management:** Historically, federally subsidized crop insurance has been - on average - the most expensive farm bill authorized farm income subsidy program, costing on average \$8-9 billion annually (but more in years with severe floods and droughts – such as 2012). While called insurance, many of the market signals in traditional insurance are muted because of taxpayer subsidies to purchase policies (60% of total premium is subsidized), to private companies for servicing policies (\$1.5 billion annually), and underwriting agreements where taxpayers bear most risk of loss. USDA should take steps to reform crop insurance to operate more like other insurance, where all parties are encouraged to reduce risk of loss rather than seek maximal subsidies. USDA should support research efforts to ensure risk ratings accurately assess the risk reduction benefits of conservation practices. In addition, USDA should explore opportunities to reform the delivery³ and risk sharing subsidies to ensure subsidized crop insurance companies carry their fair share of risk and make risk reduction integral to their business operations.
- **Support a stable and predictable farm safety net:** The federal government poses one of the largest obstacles to innovation and adoption of climate-smart financial and production practices to mitigate risk. Even before payments to offset perceived losses due to COVID-19 drove federal farm income subsidies to \$50 billion and government payments constituted 38 percent of net farm income in 2020, government subsidies played an outsized role in agricultural income. Through duplicative “shallow loss” farm bill programs, revival of annual ad hoc disaster supplementals, and arbitrary and unprecedented use of USDA’s Commodity Credit Corporation (CCC) Charter Act authority to replace trade with federal aid, Congress and USDA are both culpable for a massive increase in federal farm subsidies. This subsidy tsunami over-insulates favored producers from the financial risks of climate change and fails to come with any commonsense conservation strings attached, shifting undue financial responsibility onto taxpayers. USDA should immediately eschew ad hoc aid, be it from Congress or the Secretary of Agriculture, in favor of farm policy focused on fostering increased resilience and developed in an open, transparent farm bill process.
- **Better integrate conservation within farm safety net programs and enforce current environmental protections:** USDA should work with Congress to focus efforts on ways to integrate climate-beneficial conservation practices into farm safety net programs and eliminate subsidies that increase risk at taxpayer expense, including subsidizing crop insurance policies in risk-prone areas or on carbon-rich, sensitive land. USDA should also effectively implement and enforce existing policies that aim to conserve land, reduce soil erosion, protect wildlife habitat, and improve water quality such as Sodbuster, Swampbuster, and highly erodible land protections.

2. What new strategies should USDA explore to encourage voluntary adoption of climate-smart agriculture and forestry practices?

USDA should generally work to improve efficiency, effectiveness, accountability, equity, and transparency in existing programs rather than creating new programs that may only add more bureaucracy with little to no climate or taxpayer benefits. New strategies can include better

collaboration with states, tribes, universities, and on-the-ground organizations, better data sharing, enhanced research on effective climate solutions, and enforcement of existing conservation provisions, such as conservation compliance, within income subsidy programs.

USDA should also lead by example and implement climate-smart policies when it comes to forest management. *The United States Forest Service (USFS) under the jurisdiction of USDA has the opportunity to use our national forest lands to cost-effectively decrease the devastating impacts of climate change. Policymakers can enable our national forests to capture significant amounts of carbon emissions by doing little more than allowing them to exist undisturbed. According to the National Greenhouse Gas Inventory, forests in the U.S. stored 58.7 billion metric tons of carbon in 2019.⁴ Forests act as a “carbon sink” by removing carbon from the atmosphere and storing it in living trees and soil. In 2019, U.S. forests removed approximately 675 million metric tons of CO₂.⁵*

Recent studies have found that as much as 40 percent of carbon in U.S. forests is stored in the largest national forest, the Tongass in Southeast Alaska.⁶ Mature and old-growth trees in the Tongass and other national forests capture and store more carbon than young trees making them more valuable when left intact rather than logged and replanted.

On top of its climate impact, logging and roadbuilding in the Tongass has cost taxpayers more money than it has earned in revenue. In the 40-year period from FY1980 to FY2019, the USFS lost more than \$1.7 billion on the Tongass timber program, adjusting for inflation.⁷ According to the most recent plan, the USFS plans to offer 300 million board feet of Tongass timber in sales over the next five years.⁸ At the average rate of losses per board foot from FY2010 to FY2019, these sales will cost taxpayers an additional \$170 million.

The Tongass National Forest and other unroaded forest areas have been under threat from increased detrimental logging practices that would disrupt the forests’ ability to capture and store carbon. During the last administration the Alaska Roadless Rule was finalized, which repealed the 2001 National Roadless Rule in the Tongass.⁹

The USFS timber program must prioritize limiting carbon impacts and preserving forests as carbon sinks rather than continuing to push forward with money-losing timber sales that not only cost us upfront but also impose increased climate costs later.

B. How can partners and stakeholders, including State, local and Tribal governments and the private sector, work with USDA in advancing climate-smart agricultural and forestry practices?

Please see previous question and the following question.

C. How can USDA help support emerging markets for carbon and greenhouse gases where agriculture and forestry can supply carbon benefits?

The federal government should not interfere in private carbon, greenhouse gas (GHG), or ecosystem services markets or independent verification/certification schemes but rather serve as a valued resource for technical assistance, research collaboration, and data sharing. Particularly between now and the next farm bill, USDA should focus on the following priorities related to climate change:

- *Bolstering research efforts on climate change and carbon sequestration,*

- *Collaborating with university extension and local USDA offices on communicating best practices for conservation and climate risk mitigation to farmers and ranchers,*
- *Better integrating existing conservation programs with one another and the overall farm safety net in addition to targeting funding toward projects with the best return on taxpayer investment and real, lasting climate solutions, and*
- *Improving measurement, monitoring, verification, documentation, and transparency in conservation programs.*

USDA should reject calls to use the CCC or other taxpayer resources to create a new carbon bank. Creating a new program, especially without express Congressional authorization, could result in taxpayer dollars being spent on projects and practices without proper transparency, cost-effectiveness, and accountability measures built in. USDA is already forced to turn away conservation program applicants each year because there is continually more interest in conservation program participation than there are federal dollars to support farmers and ranchers seeking to implement these projects and practices. Focusing investments on existing conservation programs, practices, and policies with the most public benefits will ensure taxpayer dollars are spent wisely and in line with Congressional intent in the lead up to the next farm bill. Several conservation practices already being subsidized by taxpayers within programs like the Conservation Stewardship Program (CSP), Environmental Quality Incentives Program (EQIP), and Conservation Reserve Program (CRP) help reduce soil erosion, increase carbon sequestration, improve water quality, and protect carbon-rich lands like wetlands, grasslands, and forests. Lessons learned from these programs should be built upon in the next farm bill by Congress.

However, a new carbon bank administered by USDA comes with less assurance that federal investments on climate mitigation will result in real, lasting benefits for producers and the environment. The wide variety of private sector carbon sequestration and other environmental services markets, many still in their infancy, are of varying quality. Taxpayers and agricultural producers would be better served if USDA concentrated its efforts on providing the public with increased access to the trove of performance data collected from conservation and farm income subsidy programs. In addition, as has been witnessed recently on the use of the CCC for trade war subsidies, biofuels infrastructure projects, and repeatedly for cotton, CCC funding is too often tapped to satisfy special interests at the expense of less politically connected producers and Congress itself. Specifically, CCC funding has been used to circumvent Congressional prohibitions on taxpayer funding for ethanol blender pumps, in addition to sending a significant amount of taxpayer dollars to producers who do not need federal support. Using the CCC to create programs or projects that last just a year, or a few years, and derive their authority from the Secretary, as opposed to statutes, will fail to provide the stability and predictability producers need to confidently make investments that lead to the long-term change that is necessary to combat climate change.

Instead of creating new programs, USDA should instead work with Congress to eliminate subsidies that promote production on risk-prone land, break down barriers¹⁰ to opportunity and innovation that will lead to real environmental, climate, and economic resilience for farmers and taxpayers, and prioritize conservation program spending on practices and policies with the best return on investment.

D. What data, tools, and research are needed for USDA to effectively carry out climate-smart agriculture and forestry strategies?

More research is needed on carbon and GHG markets, in addition to other measurable, verifiable, and reportable environmental benefits of conservation practices and programs. Data sharing both within and outside USDA would lead to better decision making and targeting taxpayer dollars to where they will yield the largest climate and environmental benefits, leading to long-term farmer financial resilience as well.

E. How can USDA encourage the voluntary adoption of climate-smart agricultural and forestry practices in an efficient way, where the benefits accrue to producers?

Several USDA programs have subsidized large agribusinesses¹¹ and corporations in the past, in addition to large farmers and ranchers (or simply landowners) who do not need taxpayer support. As much as possible, USDA should prioritize taxpayer dollars toward producers who require assistance during real times of need and are disadvantaged due to market failures rather than sending checks regardless of income, need, or the health of the ag economy.

2. Biofuels, Wood and Other Bioproducts, and Renewable Energy Questions

A. How should USDA utilize programs, funding and financing capacities, and other authorities to encourage greater use of biofuels for transportation, sustainable bioproducts (including wood products), and renewable energy?

Further government promotion and subsidization of first-generation biofuels and bioproducts will fail to achieve the President's goal of reducing GHG emissions by at least 50 percent by 2030. The government has already encouraged greater use of biofuels through the federal Renewable Fuel Standard (RFS) mandate, loan guarantees, biofuels infrastructure subsidies, tax credits, and other federal supports. Many of these programs are housed at USDA, including the Rural Energy for America Program (REAP), Bioenergy Program for Advanced Biofuels (BPAB), and the Biorefinery Assistance Program, among others.

*However, these mandates and incentives have failed to significantly reduce GHG emissions as intended. According to the Congressional Budget Office (CBO), "...available evidence suggests that replacing gasoline with corn ethanol has only limited potential for reducing emissions (and some studies indicate that it could increase emissions)."¹² A National Academies of Sciences (NAS) report found that ethanol tax credits actually **increase** GHG emissions – instead of **decreasing** them.¹³ Biodiesel tax credits may increase GHG emissions as well, according to the NAS report.*

Similar policies that aimed to promote bioenergy production have failed to benefit the climate, and in some cases, caused unintended consequences and long-term liabilities for the environment in addition to higher taxpayer costs. Subsidies for cellulosic ethanol within several farm bill energy title programs, the RFS, Department of Energy (DOE) loan guarantees, and the cellulosic production tax credit failed to spur the next generation of biofuels despite significant taxpayer backing. Not only did the industry fail to achieve the goals the Congress set forth, but taxpayers ended up subsidizing several failed projects – including Range Fuels¹⁴ and Abengoa¹⁵ – through federal loan guarantees. While DOE loan guarantees reduced risk for some of these investors at taxpayer expense, USDA programs subsidized the same types of biofuels through the Biorefinery Assistance Program, in addition to other programs such as REAP and BPAB. These projects ultimately failed to benefit the climate while costing taxpayers several hundred million dollars.

In addition to failing to reduce GHG emissions, certain USDA programs also failed to spur the next generation of bioenergy feedstocks derived from non-food sources despite decades of federal support. Congress prohibited farm bill energy title programs from spending taxpayer dollars on corn ethanol since the industry had already been subsidized for decades, leading to market distortions and numerous long-term liabilities for the climate, environment, and taxpayers. While REAP was meant to support rural wind, solar, hydropower, and other forms of renewable energy, it has also subsidized the mature ethanol industry through energy efficiency grants and biofuels infrastructure projects – despite Congressional prohibitions.¹⁶ BPAB is a similar story and has also subsidized the mature soy biodiesel industry.¹⁷ These types of programs have wasted taxpayer dollars on false climate solutions that cause additional risks and long-term liabilities while failing to achieve objectives that Congress set forth in energy and farm bills.

Instead of continuing to subsidize special interests like biofuels that do more harm than good for the climate, these incentives should be eliminated. Not only should direct subsidies be eliminated but also others such as biofuels infrastructure grants and loans. USDA's regular practice of subsidizing biofuels infrastructure projects through the CCC without Congressional approval – and despite Congressional intent specifying otherwise - should end. Instead, realistic, lasting climate solutions should be prioritized if the U.S. is to actually achieve the President's GHG emission reduction goals.

B. How can incorporating climate-smart agriculture and forestry into biofuel and bioproducts feedstock production systems support rural economies and green jobs?

The federal RFS already has safeguards built in to ensure that native grasslands, wetlands, and other carbon-rich land are not converted into biofuel feedstock production. Various farm bill subsidy programs require producers to conserve wetlands, grasslands, and highly erodible land in exchange for taxpayer subsidies. However, these protections are not implemented properly on the ground, meaning federal incentives and programs lead to agricultural practices that sometimes result in the opposite of what they were meant to accomplish.¹⁸ These counterproductive policies work at cross purposes with other policies meant to actually reduce GHG emissions and protect the environment.

Instead of adding more programs and subsidies into the current maze of agriculture, conservation, and biofuels programs, perverse incentives should first be eliminated, and at a minimum, existing protections in the RFS, coupled with conservation compliance in the farm bill, should be implemented effectively. Without this, certain federal programs and subsidies will undermine other policies aimed at reducing climate risks – all while wasting taxpayer dollars.

Climate risk reducing policies can be built into current production systems, leading to more opportunity, resilience, and innovation so producers can better prepare themselves for future inevitable risks of climate change and potential financial downturns. Incorporating effective conservation practices that sequester carbon, reduce soil erosion, and improve water quality into agricultural systems can improve producers' bottom lines – and improve the environment and reduce GHG emissions. But for this to happen, agricultural and bioenergy programs need to work in concert with one another toward the same goals instead of working at odds with one another.

C. How can USDA support adoption and production of other renewable energy technologies in rural America, such as renewable natural gas from livestock, biomass power, solar, and wind?

USDA already subsidizes these types of projects in REAP despite woody biomass power projects, for instance, failing to reduce GHG emissions.¹⁹ Other failed USDA programs such as the Biomass Crop Assistance Program (BCAP) have attempted to support the production, collection, harvest, storage, and transportation of biomass feedstocks, but funding was greatly scaled back by Congress due to USDA's Office of Inspector General finding significant waste, fraud, and abuse in the program.²⁰ Biomass tax credits, subsidies within other farm bill energy title programs, and other federal subsidies have also failed to achieve environmental and climate benefits as once intended. Congress and USDA should learn lessons from these past failures and instead make smart taxpayer investments in policies – such as certain ag conservation programs - that result in measurable, realistic, and lasting climate and environmental benefits. Taxpayers should not subsidize normal costs of doing business (for instance, in REAP), but certain other cost-effective, accountable, responsible, and equitable federal investments can lead to real, lasting climate solutions.

3. Addressing Catastrophic Wildfire Questions

A. How should USDA utilize programs, funding and financing capacities, and other authorities to decrease wildfire risk fueled by climate change?

Decreasing harvest of mature and old growth forests (see question above) will increase the ability of forests to act as carbon sinks, and it will also reduce wildfire costs and risks. A recent study found that wildfires in old-growth forests were more likely to burn at lower temperatures and preserve more biodiversity.²¹

In 2018, Congress created a separate disaster fund that allows agencies to pay wildfire costs in excess of their annual suppression budget, up to \$2.25 billion in FY20 and increasing to \$2.95 billion by FY27. This gives greater flexibility to USDA and the Forest Service when tackling wildfires. The change helped the USFS end “fire borrowing,” which had led the USFS to spend as much as half its entire annual budget on fire suppression.

Now the USFS must not simply increase spending in response to fires without making upfront investments to mitigate fire risk and pursue more sustainable forest management policies that will ultimately reduce taxpayer costs like maintaining and cultivating mature and old growth forests.

The USFS and USDA should also work with other agencies to help create coordinated policies that limit or prohibit new development along the Wilderness Urban Interface (WUI), one of the principal drivers of fire suppression costs. In addition, policies that promote smarter zoning and assistance to homeowners and communities to reduce fire risk should be adopted.

4. Environmental Justice and Disadvantaged Communities Questions

A. How can USDA ensure that programs, funding and financing capacities, and other authorities used to advance climate-smart agriculture and forestry practices are available to all landowners, producers, and communities?

Improved transparency and accountability in USDA programs would help ensure that the benefits of climate-smart agriculture and forestry practices are communicated to all landowners, producers, and communities and can be better implemented, leading to financial and climate

resilience. USDA currently houses a significant amount of information on conservation practices, their environmental and climate benefits, and ways to ensure their long-term success, not to mention agriculture subsidy payments. USDA's wealth of data on the interplay between on-farm conservation practices, crop yields, and safety net programs should be more transparent and accessible to the public. This data, spread across the Natural Resources Conservation Service, Risk Management Agency, Farm Service Administration, and others can provide valuable insights into conservation practices and their effect on farm profitability, yet most of this data is effectively off limits to researchers and farmers. USDA should create a data warehouse with procedures for granting access to this valuable taxpayer-funded resource that is mindful of data privacy. Researchers, state agricultural agents, and producers should not have to go it alone when trying to improve the financial and environmental performance of their operations.

Better targeting of conservation program funding toward the most cost-effective projects can also help ensure existing funding reaches more producers, while also spending taxpayer dollars wisely. Competitive bidding and paying for additional conservation practices are just a few ways that taxpayer dollars can be stretched to help more producers. For more information, please see <https://www.taxpayer.net/agriculture/consolidation-opportunities-in-agricultural-conservation-programs/>.

B. How can USDA provide technical assistance, outreach, and other assistance necessary to ensure that all producers, landowners, and communities can participate in USDA programs, funding, and other authorities related to climate-smart agriculture and forestry practices?

USDA can partner with states, universities (especially extension agents), and local, on-the-ground nongovernmental organizations to help disseminate information about agricultural and forestry practices that can benefit the climate and environment while saving taxpayer dollars. University extension agents are a trusted source of information for farmers and regularly host on-farm trials, workshops, and other sessions that speed the flow of information from researchers to farmers. USDA should target funding at technical assistance and outreach programs that reach more producers at once, through options such as online tools and university partnerships.

C. How can USDA ensure that programs, funding and financing capabilities, and other authorities related to climate-smart agriculture and forestry practices are implemented equitably?

In addition to the responses above, USDA has a history of watering down payment limitations and adjusted gross income caps enacted by Congress, which has led to greater waste, fraud, and abuse in agriculture subsidy programs. USDA should strengthen these regulations and work with Congress to increase accountability and equity in farm safety net programs in the next farm bill. Federal resources should not be concentrated in the hands of the largest and wealthiest producers and landowners that have the capital and resources to implement conservation without federal assistance. Pouring more USDA subsidies into an unreformed agricultural safety net through a new carbon bank or other programs may exacerbate unintended consequences such as increased land consolidation and the creation of additional barriers to entry for young, beginning, and/or socially disadvantaged farmers and ranchers. Instead, federal outreach and technical assistance related to climate-smart agriculture and forestry should be prioritized toward these young, beginning, and/or socially disadvantaged farmers and ranchers.

Conclusion

Thank you again for the opportunity to comment on USDA's "Notice of Request for Public Comment

on the Executive Order on Tackling the Climate Crisis at Home and Abroad.” We urge USDA to take advantage of opportunities to improve the cost-effectiveness, accountability, transparency, and responsiveness of the federal farm safety net, as outlined above, which will benefit taxpayers, the climate, and the environment alike. Please contact us if you have any questions.

Sincerely,

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Taxpayers for Common Sense

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- ¹ <https://www.taxpayer.net/agriculture/measuring-performance-of-farm-bill-conservation-programs/>
 - ² <https://www.taxpayer.net/agriculture/agricultural-conservation-and-covid-19-assistance/>
 - ³ <https://www.taxpayer.net/agriculture/crop-insurance-and-private-sector-delivery/>
 - ⁴ <https://www.everycrsreport.com/reports/R46313.html>
 - ⁵ <https://www.epa.gov/sites/production/files/2021-04/documents/us-ghg-inventory-2021-main-text.pdf>
 - ⁶ <https://wild-heritage.org/wp-content/uploads/2021/03/Tongassclimaterellevance-dellasala-3-30-21.pdf>
 - ⁷ <https://www.taxpayer.net/energy-natural-resources/cutting-our-losses-tongass-timber-2/>
 - ⁸ https://www.fs.usda.gov/Internet/FSE_DOCUMENTS/fseprd777192.pdf
 - ⁹ <https://www.taxpayer.net/article/administration-to-finalize-roadless-rule-repeal-next-week/>
 - ¹⁰ <https://www.taxpayer.net/agriculture/climate-change-and-agriculture/>
 - ¹¹ <https://www.taxpayer.net/energy-natural-resources/bioenergy-program-for-advanced-biofuels-fact-sheet-2/>
 - ¹² <https://www.cbo.gov/sites/default/files/113th-congress-2013-2014/reports/45477-Biofuels2.pdf>
 - ¹³ https://sites.nationalacademies.org/cs/groups/pgasite/documents/webpage/pga_178862.pdf
 - ¹⁴ <https://www.biofuelsdigest.com/bdigest/2011/12/05/the-range-fuels-failure/>
 - ¹⁵ <https://www.forbes.com/sites/rpapier/2018/02/11/cellulosic-ethanol-falling-far-short-of-the-hype/?sh=5dab806b505f>
 - ¹⁶ <https://www.taxpayer.net/agriculture/rural-energy-for-america-program/>
 - ¹⁷ <https://www.taxpayer.net/energy-natural-resources/bioenergy-program-for-advanced-biofuels-fact-sheet-2/>
 - ¹⁸ https://earthjustice.org/sites/default/files/files/Amended-Aggregate-Compliance-Petition_1-18-19.pdf
 - ¹⁹ <https://www.scientificamerican.com/article/congress-says-biomass-is-carbon-neutral-but-scientists-disagree/>
 - ²⁰ <https://www.usda.gov/sites/default/files/IGtestimony110623.pdf>
 - ²¹ <https://www.fs.usda.gov/pnw/news-releases/old-growth-forests-may-provide-valuable-biodiversity-refuge-areas-risk-severe-fire>