March 6, 2024

Christine J. Harada
Senior Advisor to the Deputy Director for Management, Office of Federal Procurement Policy
Office of Management and Budget
Washington, DC 20503

Karla Jackson
Assistant Administrator for Procurement, NASA Headquarters
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John Tenaglia
Principal Director, Defense Pricing and Contracting Office of the Secretary of Defense
3060 Defense Pentagon, Room 3B938
Washington, DC 20301

Jeffrey Koses
Senior Procurement Executive, General Services Administration
1800 F Street,
Washington, DC 20503

Re: Finalizing the Disclosure of Greenhouse Gas Emissions and Climate-Related Financial Risk Rule

Dear Ms. Harada, Mr. Tenaglia, Ms. Jackson, and Mr. Koses,

As a nonpartisan budget watchdog organization, Taxpayers for Common Sense (TCS) serves the interests of taxpayers. It is with these interests in mind that I reach out to you today, urging the FAR Council to finalize the proposed rule, Disclosure of Greenhouse Gas Emissions and Climate-Related Financial Risk (FAR Case 2021-015, 87 Fed. Reg. 68312), promptly. As detailed in our comments on the proposed rule, we consider its swift completion essential to mitigate long-term taxpayer liabilities stemming from the escalating costs of climate change.[1]

Our recent report, "Paying the Price: Taxpayers Footing the Bill for Increasing Costs of Climate Change," highlights the escalating costs of climate issues.[2] For instance, in the 1980s, the U.S. experienced, on average, 3.1 billion-dollar-plus disasters annually, with an average cost to taxpayers of $20.5 billion. Contrast this with the period from 2017-2021, during which the average soared to 17.8 such disasters per year, costing taxpayers approximately $160.7 billion annually. This rising cost of disasters tracks closely with increased frequency and intensity of extreme weather events, driven by climate change.

In addition to funding for disaster response, the U.S. government is channeling significant resources into climate change adaptation measures and efforts to curb greenhouse gas emissions. Recognizing that proactive mitigation efforts can reduce future costs for taxpayers, it is critical for federal spending to reflect this by incorporating emissions considerations into procurement policies.

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[1] "Re: Proposed Federal Acquisition Regulation: Disclosure of Greenhouse Gas Emissions and Climate-Related Financial Risk." Taxpayers for Common Sense. Feb. 13, 2023. https://www.taxpayer.net/wp-content/uploads/2023/02/FAR-Case-2021-015-comments.pdf

[2] "Paying the Price: Taxpayers Footing the Bill for Increasing Costs of Climate Change." Taxpayers for Common Sense. June 7, 2023. https://www.taxpayer.net/wp-content/uploads/2023/06/Taxpayer-Costs-for-Climate_Report.pdf

In addition to taxpayer liability, there are also serious national security risks associated with climate change. These include risks to U.S. military installations and operations—in 2018 for example, Hurricane Michael destroyed 99 percent of Tyndall Air Force Base in Florida, causing roughly $4.7 billion in damage, and forcing approximately one-third of the U.S. fleet of F-22 Raptors to relocate to bases with less capacity. Additionally, climate-induced disasters and weather events pose risks to supply chains and can increase the likelihood of conflicts.

The proposed rule will address these risks by requiring major U.S. government contractors to establish science-based emissions reduction targets and report climate-related financial risks. The rule's disclosure requirements for Scope 1, 2, and 3 greenhouse gas emissions will enable the Department of Defense and other federal agencies to make more informed procurement decisions that consider the costs and risks associated with contractor emissions. The requirement for contractors to disclose climate-related financial risk will ensure these considerations are part of procurement decisions.

Implementing the proposed rule's disclosure requirements in procurement decisions will also prompt the private sector to adopt practices that lower emissions, reducing costs and risks associated with climate change. The U.S. government, as the world's largest purchaser of goods and services, spent $630 billion on procurement in 2021. Its purchasing power can stimulate private investment and innovation, reducing climate-related risks to taxpayers and national security. While the federal government invests billions in climate change mitigation and adaptation, using procurement policies to promote emissions reductions can amplify these efforts by supporting mitigation and reducing future adaptation needs at a much lower cost. In other words, using procurement policy to promote better business practices relating to emissions and climate risks is both prudent and cost-effective.

TCS firmly believes that fiscal responsibility and addressing climate threats are complementary goals. Fiscal responsibility ensures future funding to address climate impacts, while addressing the drivers of adverse climate impacts can limit future spending needs. Given the significant financial and national security risks of climate change, and the climate-related financial risks to the military industrial base, we strongly urge the Federal Acquisition Regulation Council to expedite the finalization of the proposed rule.

Sincerely,

Stephen Ellis
President