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William Hohenstein
Director, Office of Energy and Environmental Policy
U.S. Department of Agriculture
1400 Independence Avenue SW
Washington, DC 20250
ccpooce@usda.gov

Re: Docket ID No.: USDA-2021-0010 – Request for Information: Climate Smart Agriculture and Forestry Partnership Program

Dear Mr. Hohenstein:

The California Farm Bureau appreciates the opportunity to submit the following comments to the United States Department of Agriculture (USDA) concerning the Climate-Smart Agriculture and Forestry Partnership Program.

California Farm Bureau is California's largest farm organization, comprised of 53 county Farm Bureaus currently representing approximately 32,000 agricultural, associate, and collegiate members in 56 counties. Our agricultural producers provide food, fiber and feed to our local communities, the nation, and foreign economies across the globe.

General Comments

California's farms, ranches and foresters are all too familiar with changing weather conditions including, but not limited to, changing hydrological conditions that result in cyclic drought and catastrophic wildfire seasons that are lengthening and burning more intensely. California producers have grappled with burned and smoke tainted crops, dead and injured livestock, and farming at times in dangerous air quality due to catastrophic wildfires with extremely limited access to personal protective equipment. This is in addition to the immense challenges our producers are facing currently due to exceptional drought and limited water supply.

Agriculture provides society numerous benefits including, but not limited to, food security, a safe and healthy food supply, environmental benefits, and community stability. These wide-ranging benefits illustrate why it is critically important, when considering climate policies impacting production agriculture, that we do so in a fashion that incorporates and considers the economics of the farm. Only in working together can we achieve climate solutions that not only make agriculture more resilient, but our country stronger because competitiveness and productivity are not hampered.

In addition to the comments provided below, as a member of the Food and Agriculture Climate Alliance (FACA), California Farm Bureau also joins in the comments separately submitted by both FACA and American Farm Bureau Federation in response to this Request for Information. FACA is united around three principles:

1. Supporting voluntary market- and incentive-based policies.
2. Advancing and accelerating science-based outcomes.
3. Promoting resilience and helping rural economies better adapt to climate change.

FACA members have worked diligently to find areas of common policy interest and develop a body of specific policy recommendations that contain an overarching commitment that any climate policy should do no harm to farmers, forests and ranches, the environment and existing farming programs.

Climate Smart Agriculture and Forestry Strategy

Based on public comments received and ongoing stakeholder engagement, it is our understanding that USDA is considering actions to expand the use of climate-smart farming practices and aid in the marketing of agricultural commodities, or “climate-smart commodities”, as one element of the broader Climate Smart Agriculture and Forestry (CSAF) Strategy.

We offer the following comments in response to the questions provided in the Request for Information:

1. *How would existing private sector and state compliance markets for carbon offsets be impacted from this potential federal program?*
 - USDA should consider how the overlay of any new federal policies and programs will impact existing state climate policies and programs. Additionally, USDA should consider ways to partner with state departments of agriculture as appropriate. The California Department of Food and Agriculture has held stakeholder meetings to solicit feedback on ways to boost climate resilience, greenhouse gas mitigation and food security. This work is informing scoping plans, ongoing, and future work associated with state climate laws.
 - USDA should mitigate potential impacts to commodity markets, local land markets, estate plans and other general farm business operations.
 - USDA should ensure that this program is not overly complicated or burdensome for producers.
 - USDA should leverage private investment for agricultural and forest land-based carbon sequestration and greenhouse gas emission reductions.
 - Voluntary adoption of climate-smart agricultural and forestry practices to promote climate change resilience and mitigation across public and private natural working lands should be scaled.
 - Barriers to participation for farmers, ranchers and foresters in carbon credit trading programs should be identified. Additionally, efforts should be made to instill confidence in the certification of practices, quantification and verification of sequestration and reduction activities.
 - USDA should continue additional research and allocate resources through pilot projects to increase program opportunities for crop types outside the scope of existing private sector carbon markets primarily focused on row crops. It is important that the breadth and diversity of American agriculture is considered.

2. *In order to expand markets, what should the scope of the Climate-Smart Agriculture and Forestry Partnership Program be, including in terms of geography, scale, project focus, and project activities supported?*

- The program should prioritize critical climate infrastructure so participation by all producers, operators and landowners is enabled. Existing carbon markets may not provide opportunities to all farmers, growers, ranchers, and forest owners due to regional differences, crop and production types, total acreage under crop production, farm and forest size, and other factors. This program should fill in those gaps.
- Many barriers make it difficult for farmers and ranchers to participate in agriculture ecosystem credit markets. Financial barriers are one type as farmers and ranchers need significant cash on hand to cover the expenses associated with growing a crop or raising livestock. Trade-off barriers are another type that can prevent farmers and ranchers from being able to participate in these markets. These include labor availability, education, legal advice, verification costs, additionality requirements, being an early-adopter, and lack of quality broadband.
- Making any kind of on-farm change can be costly and carries varying levels of risk. Some farms can extend their risk tolerance to participate, while others may not have the resources or economy of scale.
- Barriers must be resolved by market-operators or policymakers to further open these markets to farmers and ranchers who voluntarily want to participate.

3. *In order to expand markets, what types of CSAF project activities should be eligible for funding through the Climate-Smart Agriculture and Forestry Partnership Program? Projects should promote the production of climate-smart commodities and support adoption of CSAF practices. Examples may include:*

- Climate-smart practices should:
 - Meet the growing demand for food, fiber and fuel while maintaining and enhancing the productivity and resiliency of natural, agricultural, and forest ecosystem functions.
 - Contribute to economic development, poverty reduction and food security.
 - Develop adaptation and mitigation approaches while providing climate benefits, including increased sequestration and/or reduced greenhouse gas emissions.
 - Reduce tradeoffs encountered in the pursuit of these goals.
 - Result in positive business outcomes for farmers and ranchers while also providing climate benefits.
- a. *Activities that develop standardized supply chain accounting for carbon-friendly products; activities that provide supply chain traceability; innovative financing for low-carbon fuel from agricultural feedstocks; or green labeling efforts, among others.*
 - Farm Bureau believes USDA should support efforts to protect and enable farmers' participation, as well as connect farmers with opportunities, promote transparency and provide information to producers who would like to voluntarily participate in new market opportunities. We believe this should be done instead of USDA setting specific standards for private market activity.

b. Activities that supply grants, loans, and loan guarantees to producers for equipment needed to implement CSAF practices, or for capital-intensive CSAF technologies.

- USDA must factor that every farm and ranch is different, which makes it difficult to estimate how conservation practice adoption will impact the ultimate profit of a farm or ranch. USDA must consider that any kind of change on a farm or ranch creates some kind of cost. Some of those costs are explicit, cash expenses, while others are trade-offs that force a farmer or rancher to give up something to participate. All barriers to participation carry risk that weighs differently from farm to farm. More risk-averse farmers may require more tools and support to participate, while those with the financial footing to be riskier could participate with less concern.
- USDA should consider that many of the costs associated with conservation practices are also priced based on market conditions.
- Given farming is very dependent on the weather, events commonly called “acts-of-God-events” could disturb the soil, or even overall farm operations, and potentially decrease the amount of carbon sequestered or unexpectedly worsen the water quality. This would lower the price a farmer or rancher could expect for the credits they were working to generate for purchase and would not return the revenue expected for participating in an agriculture ecosystem credit market. A risk management tool that can protect the annual financial investments made to participate in these markets and mitigate the risk tied to an “act- of-God” weather occurrence may encourage more farmers and ranchers to participate.
- USDA should consider the role of labor availability as there is a labor trade-off for conservation practice adoption. Especially during seasonally busy times such as planting and harvesting, operators have set plans to ensure the necessary work is completed, managed around weather unpredictability. Many conservation practices, even those that may be low-cost to implement, simply cannot be accomplished because there aren’t enough people to get the job done, enough time to get the job done or enough money to hire a worker or workers to do it.
- Climate-smart agricultural practices must be grounded in science but also field-tested to prove that they have practical applicability for farmers to undertake, not just niche farm sectors or incubator farms. Technologies and conservation practices that are readily understood, scalable and easy to implement will likely be the most utilized. Implementing an on-farm change with a full understanding of its tradeoffs (pests, costs, regulatory ramifications, etc.) is a must.

c. Activities that test and evaluate standardized protocols that define eligible CSAF practices, quantification methodologies, and verification requirements, with an emphasis on minimizing transaction costs and operating at scale.

- Regardless of how verification occurs, verification will be an added cost to market participation. California Farm Bureau supports efforts to reduce verification uncertainty and costs so that more of the ecosystem credit dollar goes back to the farmer.
- e. Activities that generate voluntary carbon offsets through CSAF practices. Within carbon offset markets, the GHG benefit is separated from the commodity and sold as a carbon offset credit.*

Should the USDA consider hybrid approaches where the GHG benefit could be assigned to a climate-smart commodity, or separated and sold as a voluntary carbon offset?

- California Farm Bureau believes producers must have the ability to voluntarily pursue any opportunity that brings the highest value to them. Flexibility will benefit and lead to the success of farmers, ranchers and foresters looking to voluntarily participate.
4. *In order to expand markets, what entities should be eligible to apply for funding through the Climate-Smart Agriculture and Forestry Partnership Program? Given that the administrative costs of the Climate-Smart Agriculture and Forestry Partnership Program could be high if USDA were to contract with individual producers or landowners, it makes more sense to work with groups of producers and landowners. For example, eligible entities may include an agricultural producer association or other group of producers; State, Tribe, or unit of local government; a farmer cooperative; a carbon offset project developer; an organization or entity with an established history of working cooperatively with producers on agricultural land, as determined by USDA (for example, a non-governmental organization); a conservation district; and an institution of higher education, including cooperative extension.*
- Priority should be given to entities that are viewed as trusted partners by farmers, ranchers, and forest landowners, including 501(c)(5) organizations, that already provide vital services to farmers and ranchers. Technical assistance from trusted partners and on-the-ground support is critical to help farmers and ranchers overcome barriers that impede the adoption of CSAF practices. This includes technical assistance from USDA staff, USDA Technical Service Providers (TSP), Cooperative Extension specialists, and crop advisors. Being inclusive of these groups will help maximize reach and enhance program delivery. We also support a streamlined approach to TSP certification.
 - While NRCS could be viewed as the technical expert in development of practices, USDA should also consider their other divisions, such as the Farm Service Agency, and how they might play a role in delivering programs.
5. *In order to expand markets, what criteria should be used to evaluate project proposals for receiving funding through the Climate-Smart Agriculture and Forestry Partnership Program?*
- a. *For example, potential criteria may include estimated GHG or carbon sequestration benefits; estimated costs; potential for addressing identified barriers for producers; ability to benefit underserved producers and early adopters; environmental justice benefits; and demonstrated capability to ensure success.*
- Farmers and ranchers are familiar with practice-based approaches to manage resource concerns, as it's been the longstanding practice for USDA programs. Simplifying opportunities as they relate to practices should be given priority when evaluating proposals.
 - Efforts to quantify and clarify climate benefits, especially when it comes to specific practices, should be encouraged, particularly as it relates to diversified cropping systems.
 - The ability for producers to make informed decisions before committing to practices and programs will help ensure success. Transparency, education, and extension will encourage participation by producers.

- USDA has a unique role in helping reduce the challenges early adopters face in entering many private markets and providing solutions that could help early adopters. USDA should focus efforts to reduce entry costs, address verification concerns, expand research, and support continued efforts of early adopters.
 - b. *Should USDA establish a consistent payment per ton of GHG generated through these partnership projects as part of the project payment structure, or evaluate a range of incentive options?*
 - USDA should not establish a fee for or price of an ecosystem credit. Private markets should be responsible for price discovery.
6. *In order to expand markets, which CSAF practices should be eligible for inclusion?*
- California Farm Bureau suggests supporting a practice-based approach where applicable that can build upon the practice codes identified by NRCS within the Practice Standards for Greenhouse Gas Emission Reduction and Carbon Sequestration. The NRCS Field Office Technical Guides, customized for each state, could also be utilized as scientific references containing technical information about conservation.
 - b. *What should the quantification, monitoring, reporting, and verification requirements for projects funded through the Climate-Smart Agriculture and Forestry Partnership Program be?*
 - USDA should ensure that any data collected should protect farmer privacy. Successful opportunities will be dependent upon confidence in the credits generated while also balancing the costs of quantification, monitoring, reporting and verification.
 - USDA should consider the nexus between the lack of broadband in many agricultural areas and the modern use of precision agriculture equipment. Precision agriculture tools and practices, such as precision irrigation, can result in quantifiable benefits for both the farmer and the environment. However, it is very difficult to implement such practices if the farm location lacks adequate connectivity.
 - c. *What types of systems should be used or supported to track participation, implementation, and potential benefits generated?*
 - The USDA Census of Agriculture process could be utilized to gain additional insights.
 - Additionally, NRCS has resources and information related to conservation practices. USDA should work to better quantify more recent and relative data while respecting farmer privacy.
 - d. *What types of data and metrics should be collected and reported to determine project success and GHG benefits delivered? How should the data and metrics be analyzed to inform future decisions?*
 - California Farm Bureau supports farmers owning the information generated on their farm or ranch. However, we are aware that participating in an ecosystem credit market will require data collection to verify compliance. Programs should:
 - Explicitly identify all data that will be generated and shared

- Identify the purposes for any data collection, who will receive the data, who the data could potentially be shared with, and whether the farmer can limit the use and disclosure of information.
 - Programs should not require sharing more information than necessary to execute the market operation. Any information shared should be kept private to the maximum extent possible.
 - If the government becomes a collector of farm-level data, the farmer's information should be protected from being disclosed pursuant to Freedom of Information Act requests.
 - These kinds of agreements are new to agriculture and require a thorough review and careful analysis of the potential impacts. Farmers will also need to do their own due diligence to ensure a contract is good for their individual operation.
7. *How should ownership of potential GHG benefits that may be generated be managed?*
 8. *How can USDA ensure that partnership projects are equitable and strive to include a wide range of landowners and producers?*
 - a. *How can the Climate-Smart Agriculture and Forestry Partnership Program include early adopters of CSAF practices?*
 - b. *How can the Climate-Smart Agriculture and Forestry Partnership Program be designed to ensure that benefits flow to historically underserved producers?*
 - c. *How can the Climate-Smart Agriculture and Forestry Partnership Program be designed to ensure that benefits flow to historically underserved communities?*
 - d. *How can the Climate-Smart Agriculture and Forestry Partnership Program be designed to ensure that benefits are provided to producers?*

In response to both questions 7 & 8 above, USDA should again consider the economics of the farm and take actions that ensure that financial benefits for farmers, ranchers and forest owners are optimized. California Farm Bureau believes that:

- Policies and financial incentives should incorporate active measures that increase both producer resilience and participation regardless of crop produced, operation size, organizational structure or region located.
- That practices developed by USDA should improve voluntary climate-smart agricultural and forestry practices with all of agriculture in mind. Practices should provide the highest return on investment. Practices should consider breadth and scale of American agriculture. California produces more than 400 different commodities and has a variety of cropping systems and farm sizes. A one-size-fits-all approach will not be the best path forward. For this reason, we encourage the agency to emphasize a menu of practice choices as opposed to a checklist. Every farm, every ranch, every field has a different story and producers should be able to choose which outcome-based practices best fit their operation.
- USDA should develop meaningful opportunities and financial incentives for early adopters of climate-smart agricultural and forestry practices that recognize producers' contributions and support advancement of their work. Retroactive efforts or incremental improvements undertaken by agriculture leaders to reduce greenhouse emissions and/or sequester carbon must be fully eligible to participate and receive applicable compensation. Many farmers and ranchers, especially in California, already perform climate-smart practices, such as cover cropping, no-till farming, and compost application. These producers should be appropriately rewarded for their work.

- Practices, programs, and other resources should be flexible so that they can be used by producers under different land ownership and land-use models, including but not limited to, rented land, joint ventures, cooperatives, heirs' property, employee stock ownership plans, and state and federal public lands.
- That the work of the agency be open, transparent, and inclusive. Any policy recommendation and changes will have real world impacts on farmers, ranchers, foresters, and rural communities. For this reason, it is important that USDA engage a broad spectrum of opinions, especially producers who will be directly affected.

The overarching goal of any Climate Smart Agriculture and Forestry Partnership Program developed by USDA should be to keep working lands working. For this reason, we oppose pursuing practices that do not consider and encourage the economic base value of the property. For farms and ranches to meet their conservation goals, they must first meet their economic goals.

California Farm Bureau appreciates the opportunity to provide input as the agency considers its climate strategy for American agriculture. Having faced many climate initiatives at the state level already, California Farm Bureau is well equipped, stands ready to assist, and urges robust consultation as the USDA considers how to build its partnership program.

Please contact Sara Arsenault at sarsenault@cfbf.com, (916) 715-7008 or Erin Huston at ehuston@cfbf.com, (916) 849-3746 with additional questions.

Sincerely,



JAMIE JOHANSSON

President