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House Committee on Agriculture

A 2022 Review of the Farm Bill: The Role of USDA Programs in Addressing Climate Change

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Chairman Scott, Ranking Member Thompson and members of the Committee, thank you for holding today's hearing and inviting me to testify on the role of U.S. Department of Agriculture (USDA) programs in addressing climate change in the next farm bill. I am Chuck Conner, President and CEO of the National Council of Farmer Cooperatives (NCFC), and a founding co-chair of the Food and Agriculture Climate Alliance (FACA), which I am testifying on behalf of today.

The nation's food, agriculture, and forestry industries are uniquely positioned and ready to contribute to our country's broader effort of reducing industry impacts on the climate. Farmer-owned cooperatives, which represent a wide spectrum of agricultural production, are already leaning into voluntary climate initiatives that are pro-producer and pro-environment. We are actively seeking ways to engage while ensuring producers can generate revenue from adopting climate-smart practices rather than have costs pushed down on them. That is why NCFC has come together with an array of industry groups that may not always reach consensus when it comes to agriculture policy but agree that we must have a seat at the table to inform the development of policies to help producers do their part.

As we examine the many ways our industry can positively impact a changing climate, it is important to keep in mind that one size does not fit all when it comes to public policies and effective practices on the ground. What works for a dairy producer in the Northeast likely will not work for grain farmers in the Midwest, specialty crop growers out West or forest owners in the South. Climate policy as it relates to agriculture and forestry production must be voluntary,

incentive-based and enable producers to remain profitable. The next farm bill provides the opportunity for this committee to climatize existing programs to generate revenue for farmers while mitigating climate risk.

About FACA

Over two years ago, NCFC, along with the American Farm Bureau Federation, Environmental Defense Fund and National Farmers Union, came together to collaborate and establish a set of principles for developing climate policy priorities that the food and agriculture sector could broadly support. These principles include supporting voluntary, market- and incentive-based policies; advancing science-based outcomes; and promoting resiliency and helping rural economies better adapt to climate change. These policies were created with an overarching goal to do no harm, meaning FACA policies would be thoughtfully crafted, informed by broader potential consequences and tradeoffs, and account for inequities.

FACA is committed to working with the federal government, and within our own memberships and networks, to support current and future farmers, ranchers, and forest owners of all genders, races, creeds, religions, sexual orientations, and backgrounds. When it comes to implementing farm bill and other agency programs, USDA should commit to having a broad, diverse and inclusive stakeholder group actively participate in the policy decision making process. USDA programs and incentives should be structured inclusively and designed to equitably distribute benefits and burdens of climate and agriculture policies.

Paramount to success, the Alliance also has an underlying focus on the critical need for broadband access in rural America. Without a strong, reliable internet connection, farmers cannot obtain current information, utilize precision agricultural practices, record, track and analyze real-time data or meaningfully document progress on their farms. These capabilities are necessary to validate, verify and account for the outcomes of climate-smart practices.

With this foundation, FACA welcomed four additional founding members including, The Nature Conservancy, National Alliance of Forest Owners, National Association of State Departments of Agriculture, and FMI-The Food Industry Association. The group went on to develop more than 40 policy recommendations in six areas of focus: soil health; livestock and dairy; forests and wood products; energy; research; and food loss, food waste and consumer engagement. There are

several proposals highlighted below and included within FACA's recommendations that, if adopted, would provide opportunities for the food and agriculture sector to build stronger partnerships around climate-smart production strategies.

Since the release of FACA's foundational policy recommendations in November 2020, the Alliance has worked diligently to grow support for the Alliance. Today, FACA consists of 24 steering committee members and a growing list of more than 80 supporting state and national NGOs and trade associations that guide our efforts to advocate and implement our policy priorities.

A full list of FACA's policy recommendations and supporting members can be found at www.agclimatealliance.com.

FACA's Ongoing Outreach

Since November 2020, our outreach and collaborative efforts have taken a whole of government approach. FACA representatives have met with various administration officials ranging from the U.S. Department of Agriculture's (USDA) Secretary of Agriculture Tom Vilsack, the Undersecretary for Farm Production and Conservation (FPAC), and the senior climate teams from the Office of the Secretary (OSEC), the Natural Resources Conservation Service (NRCS), and the Office of the Chief Economist (OCE), as well as the Senior Advisor for Agriculture at the Environmental Protection Agency (EPA), and the Program Associate Director (PAD) for Climate, Energy, Environment and Science at Office of Management and Budget (OMB). We appreciate this administration's willingness to work with our alliance and take a voluntary, market- and incentive-based approach to new initiatives that have been introduced to promote climate-smart agriculture and forestry practices.

USDA has already taken innovative approaches toward supporting producers in adopting and maintaining climate-smart practices. For example, allowing feed additives to be eligible for Conservation Innovation Grants (CIG) to help producers and their partners better understand the impact various feed additives have on an animal's overall nutrition and on the environment. FACA identifies feed additives as a promising tool to address enteric emissions in ruminant livestock to reduce methane emissions resulting from enteric fermentation. However, regulatory roadblocks have added years onto the process of making these additives widely available to

producers. This lag in approval is also impacting research and development investments in emissions reducing feed additives in the United States. Streamlining the approval process and facilitating more research and development in this field is just one important way USDA can help producers contribute to reduced GHG emissions and climate resiliency on the farm.

Earlier this year, NRCS launched a new Cover Crop Initiative through the Environmental Quality Incentives Program (EQIP) to deliver $38 million to 11 states to help agricultural producers plant cover crops. Additionally, USDA's Risk Management Agency (RMA) introduced the Pandemic Cover Crop Program (PCCP) to help reduce producers' crop insurance premiums while maintaining cover crop systems.

Members of FACA weighed-in multiple times with administration officials during the development of USDA's newly launched Partnerships for Climate-Smart Commodities (PCSC), urging the Department to first take an analytical approach through pilot project funding to better understand barriers to adopting climate-smart practices and reliable methods for measurement and verification. FACA strongly supports USDA's newly launched PCSC program and we are pleased to see the program structured in a manner consistent with FACA's recommendations. USDA's Notice of Funding Opportunity will allow participants to form partnerships to help producers overcome barriers and be competitive in private markets.

Members of FACA's steering committee also met with countless members of Congress and their staff on both sides of the aisle to offer briefings on the group's principles and policy recommendations and discuss specific priorities such as appropriations requests and support for legislation. For example, FACA supports the *Agriculture Environmental Stewardship Act*, a bill that provides an important tool to incentivize investments in climate-smart technologies such as nutrient recovery and biogas systems that have multiple benefits to the environment and rural communities.

Additionally, the *Growing Climate Solutions Act,* introduced in the House by Representatives Abigail Spanberger (D-VA) and Don Bacon (R-NE) and supported by a growing bipartisan list of more than 70 cosponsors, would serve as a foundation for setting standards and certification criteria to help foster the growth of private-sector carbon markets. The companion bill was led by Senators Debbie Stabenow (D-MI) and Mike Braun (R-IN) and passed by the Senate last year with an unprecedented show of bipartisan support in a vote of 92-8. If farmers are to be part of

solving climate challenges, they need to rely on proven science, accurate data, and standardization to help get there—this bill does not offer the entire solution, but an important step in that direction. We appreciate members of this committee engaging with each other on this momentous piece of legislation.

These are just two examples of legislation that embody FACA's core principles of supporting bipartisan, voluntary, and incentive-based policies that promote resilience to help rural economies better adapt to climate change.

FACA Recommendations for USDA

Although FACA has not yet fully outlined a set of farm bill priorities, there are several areas within FACA's original policy recommendations worth examining as you prepare for the next farm bill.

For example, FACA encourages USDA to make a stronger commitment to agricultural and forestry research to help provide farmers, ranchers, and forest owners with the tools they need to adapt, mitigate, and become more resilient to climate change. These recommendations include directing USDA's ARS to develop protocols for climate research trials to establish consistent standards for measurement and verification and provide more in GHG emission outcomes. NRCS also requires adequate funding to expand the number of soil sampling reference sites and formally codify USDA's Climate Hubs. In order for farmers to play an active role to meaningfully move the needle on climate mitigation, producers will first require reliable data that is field and practice-generated over time.

Additionally, climate advantageous inputs will continue to be an important tool for producers to enable conservation practices like tillage management and use of cover crops. FACA supports continued innovation and maximizing climate benefits through a strong, science-based risk/benefit regulatory system. Access to safe and effective risk management tools is critical for growers to participate in these conservation practices and meet climate and sustainability goals.

FACA highlights in its policy priorities how improved pasture and grazing management has the potential to play a substantial role in terrestrial carbon sequestration. More needs to be done to develop protocols and to deploy prescribed pasture and grazing practices to reduce emissions. NRCS should identify regions and practices with the greatest potential for carbon sequestration

and methane emissions reduction, and should support research, development, and widespread use of decision-support tools for climate and land stewardship outcomes.

There are several areas within FACA's recommendations related to energy efficiency that could be addressed by USDA. For example, the Rural Energy for America Program (REAP) is an important funding source for producers and rural small businesses needing assistance to install renewable energy systems or make energy efficiency improvements on their operations. However, REAP is an oversubscribed program and in critical need of additional funding to meet demand. Expanding REAP's eligible entities to include farmer co-ops would also facilitate wider adoption of renewable energy technology such as anaerobic digesters which are highly effective tools in reducing, destroying and converting methane and nitrous oxide emissions from livestock manure and other waste. FACA also recommends USDA conduct a study of on-farm energy initiatives to examine the status of on-farm efficiency adoption, rural renewable energy production and biofuels deployment. The study should also identify barriers and opportunities to increase on-farm energy initiatives and scale renewable fuels production.

In recent years, this committee has held hearings on food waste. As you may recall, food waste accounts for 8 percent of all global greenhouse gas emissions and is an important factor when examining how the food and agriculture sector can reduce its climate impact. More can be done to provide education through USDA's Food and Nutrition Services initiative, Team Nutrition, to highlight food waste prevention and reduction in information geared toward teachers and students. The National School Lunch Program operates in nearly 100,000 public and nonprofit schools and residential childcare institutions, providing lunches to nearly 30 million children every day. Opportunities to educate through Team Nutrition more fully could result in behavioral changes that lead to less food waste. Furthermore, more information about preventing food waste in USDA's Foods in Schools product information sheets is a low-cost way to ensure participants in USDA nutrition programs receive storage information that could prevent food loss and waste and increase the effectiveness of these nutrition programs. We have been successful in achieving this priority through the FY22 appropriations process but look forward to identifying other meaningful ways for USDA to partner with FDA and EPA on food loss mitigation and food waste strategies to prevent wasted inputs, energy, and methane emissions in landfills.

These are just a handful of FACA recommendations directed toward USDA that could be considered as part of the upcoming farm bill deliberations.

2023 Farm Bill Outlook

Members of FACA will begin in earnest later this month to examine and develop priorities for the upcoming 2023 Farm Bill and will likely start by exploring ways to improve and/or expand current programs. With 16 new members joining the steering committee since FACA's original policy priorities were released in 2020, it is reasonable to assume that the scope of the Alliance's policy priorities for the farm bill will expand. However, FACA's founding principles and original policy recommendations will guide any new policy priorities agreed upon by the Alliance and those priorities will continue to be adopted through the process of unanimous consent.

Regardless of the specific farm bill priorities FACA ultimately agrees to, we believe that the next farm bill must address climate policy as it impacts American agriculture and forestry. Private sector commitments to reduce greenhouse gas emissions and grow green supply chains will continue to increase in the years ahead. The potential for added costs to be pushed down to producers makes it imperative that the next farm bill provide the necessary tools to help producers remain profitable for years to come. With the right public policy, what could be an unsustainable cost can be turned into something that will boost farm income and rural economies. This is even more crucial given the rising costs of inputs caused by inflation and growing geopolitical uncertainty. Necessary for success and wide-spread adoption will be support from both sides of the aisle.

As the administration and Congress take these steps, FACA believes it is critical that these programs provide equitable access for all producers and rural communities and address the historic inequalities that we have seen in many federal farm programs. Further, as USDA begins efforts to receive input from producers and landowners on their work to reduce climate impacts, the Department should be proactive in promoting a diversity of representation on advisory committees and similar bodies to ensure programs work for all of agriculture.

The timing is right for all industries, including agriculture, to come together and find solutions that will sustain production agriculture and forestry practices in our country, while preserving the

ability for producers to be profitable and to pass along their way of life for generations to come. State Departments of Agriculture, environmental NGOs, agricultural lenders, and producer groups are well-positioned to be trusted resources and partners for farmers, ranchers, and forest owners in what is often referred to as the "Wild West" of carbon markets and ecosystem services. We believe Congress and the USDA have important roles to play to provide a foundation for private market participation and to support the viability of our nation's agriculture and forestry producers through voluntary, market- and incentive-based policies and the passage of the 2023 Farm Bill.

FACA looks forward to working with members of this committee and other policy makers as we finalize our priorities for the 2023 Farm Bill and work together to support America's farmers, ranchers, and forest owners in a future focused on climate.

About the National Council of Farmer Cooperatives

Since 1929, NCFC has been the voice of America's farmer cooperatives. NCFC values farmer ownership and control in the production and distribution chain, the economic viability of farmers and the businesses they own, and vibrant rural communities. We have an extremely diverse membership, which we view as one of our sources of strength—our members span the country, supply nearly every agricultural input imaginable, provide credit and related financial services (including export financing), and market a wide range of commodities and value-added products.

American agriculture is a modern-day success story. America's farmers produce the world's safest, most abundant food supply for consumers at prices far lower than the world average. Cooperatives differ from other businesses because they are member-owned and are operated for the shared benefit of their members.

Farmer cooperatives enhance competition in the agricultural marketplace by acting as bargaining agents for their members' products, providing market intelligence and pricing information, providing competitively priced farming supplies and vertically integrating their members' production and processing. There are nearly 2,000 farmer cooperatives across the U.S. and earnings from their activities (known as patronage) are returned to their farmer-members, helping improve their members' income from the marketplace.