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PRESS RELEASE

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Administration's Proposed Renewable Energy Agriculture and Biomass Budget for Fiscal Year 2007

WASHINGTON, D.C. - On February 6, 2006 the Administration released its proposed budget for fiscal year FY07. Critical cuts made to the energy programs authorized in the 2002 farm bill may be found below:

Program	Authorized Level	FY05 Enacted	FY06 Enacted	Admin. FY07
Sec. 9002: Federal Procurement of Biobased products	\$1 million	\$2 million	\$1 million	\$1 million
Sec. 9004: Biodiesel Fuel Education Program	\$1 million	\$1 million	\$1 million	\$1 million
Sec. 9006: Renewable and Energy Efficiency Improvements Program	\$23 million*	\$23 million	\$23 million	\$10.2 million
Sec. 9008 Biomass Research and Development Program**	\$14 million + \$54 million = \$68 million	\$14 million	\$12 million	\$12 million
Sec. 9010 Bioenergy Program	\$150 million***	\$100 million	\$60 million	\$0
Sec. 6401: Value-Added Agricultural Product Market Development Grants	\$40 million	\$15.5 million	\$20.5 million	\$20.3 million

* The original authorization for Sec. 9006 was \$23 million; this was changed in the Deficit Reduction Act of 2005 to \$3 million for FY07.

** The Biomass R&D Act of 2000 is now authorized under the Energy Policy Act of 2005 (EPACT 2005). \$200 mil/yr. FY06-15

*** Sec. 9010 was authorized only through FY06.

The Administration's budget request for the US Department of Agriculture (USDA) calls for \$93 billion; this is nearly \$3 billion below FY06 funding levels. This includes \$71.3 billion of mandatory funding for programs required by law (nutrition, commodity, etc.) and \$21.5 billion for discretionary programs (rural development, research, etc.)

One of the most popular energy programs in the 2002 farm bill (Farm Security and Rural Development Act of 2002, P.L. 107-171), **Renewable Energy and Energy Efficiency Improvements** (Sec. 9006), receives just \$2 million for loans and \$8 million for grants for a total of \$10 million in the Administration's budget. This is a reduction of \$13 million from the original authorization of \$23 million. (this includes a range of renewable energy technologies)

The **Value-Added Agricultural Product Market Development Grants program**(Sec. 6401) is authorized at \$40 million but only received \$20.3 million in the Administration's budget. This is slightly below the enacted level of FY06 but \$19.7 million below its authorized level. (this includes a range of renewable energy and value-added technologies and practices)

The **Biomass Research and Development Act of 2002** (Sec. 9008) of the 2002 farm bill now authorized at \$200 million in Sec. 941 of the Energy Policy Act of 2005 only received \$12 million. This is the same level of funding as in FY06, which was \$56 million dollars below its authorization; now the Biomass R&D Act is \$188 below its authorization.

The **CCC Bioenergy Program** (Sec. 9010) was completely eliminated from the Administration's proposed budget; this reflects the expiration of the program's authorization and a USDA study which suggested that additional incentives for ethanol were less critical than other Federal assistance programs and that more emphasis should be placed on incentives for biodiesel. No additional funding for biodiesel incentives was included.

Included in the budgets for the Office of the Chief Economist (OCE) and the Agricultural Research Service (ARS) are resources for biobased products and biofuels. The ARS budget includes \$3.6 million to be directed toward "efficient conversion of crops and their residues to high value biobased products and biofuels." Additionally, the ARS budget includes \$5.2 million for "plant genomics and the preservation of plant genetic resources to enhance the quality and safety of the US supply of food, fiber, feed, machines, biofuels, industrial products and ornamentals." Within the OCE budget of \$11.2 million, funds for analysis of biofuels, new uses of agriculture products and global climate change are included. There was no direct mention of the **Federal Procurement of Biobased Products** program (Sec. 9002).

During the State of the Union the President called for a break in our countries 'addiction to oil'; one way that he proposed to do this was through an increase in R&D for biofuels, especially cellulosic ethanol. The Energy Policy Act of 2005, which the President signed into law last year, includes more than \$1.5 billion of funding on a variety of biomass programs spread over the US Department of Energy (DOE), USDA and EPA.

Yet, the DOE's proposed budget for FY07 included just \$149.7 million for its Biomass and Biorefinery Systems R&D Program. FY06 appropriations for DOE's biomass program totaled \$91 million, with 57 percent of the funds being Congressional earmarks. Specific activities included in the Administration's budget include feedstock infrastructure; platforms R&D; and utilization of platform outputs R&D. There was no direct mention of the 'reverse auction' Production Incentives for Cellulosic Biofuels (Sec. 942 of EPACT 2005).

The combined DOE, USDA and EPA FY07 budgets proposed by the Administration for biomass totaled \$161.7 million which is only 11 percent of the authorized biomass programs in EPACT 2005.

The Administration's proposed cuts in this FY07 budget will have an impact on the discussions this year regarding the upcoming reauthorization of the farm bill, which is facing many contentious issues including global trade practices.

If you have questions, please email or call Jetta Wong at jwong@eesi.org or (202) 662-1885.

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