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Administration's Proposed Renewable Energy Agriculture and Biomass Budget for Fiscal Year 2008

WASHINGTON, D.C., On February 5, 2007 the Administration released its proposed budget for fiscal year FY08.

The Administration's budget requests \$89 billion for the US Department of Agriculture (USDA); this is nearly \$4 billion below the Administration's FY07 funding request. This includes \$67 billion of mandatory funding for programs required by law (nutrition, commodity, etc.) and \$22 billion for discretionary programs (rural development, research, etc.)

Department of Agriculture (in millions)

Program*	FY06 Appropriation	Admin. FY07 Request	Admin. FY08 Request
Sec. 9002: Federal Procurement of Biobased Products	\$2	\$1	\$1
Sec. 9004: Biodiesel Fuel Education Program	\$1	\$1	\$0
Sec. 9006: Renewable and Energy Efficiency Improvements Program	\$23	\$10.2	\$34
Sec. 9008: Biomass Research and Development Program	\$12	\$12	\$0
Sec. 9010: Bioenergy Program	\$60	\$0	\$0
Sec. 6401: Value-Added Agricultural Product Market Development Grants	\$20.5	\$20.3	\$15

* None of the programs are authorized for FY08. The farm bill is up for reauthorization in 2007 and several of these programs are in discussions for reauthorization.

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 Program** (Sec. 9006), receives \$19 million for guaranteed loans (\$195 in loan authority) and \$15 million for grants for a total of \$34 million in the Administration's budget. This is an increase of \$11 million from the original authorization of \$23 million. This includes a range of renewable energy and energy efficiency technologies. (It should be noted that the President's new farm bill proposal calls for \$500 million over 10 years for this program.)

The **Value-Added Agricultural Product Market Development Grants program** (Sec. 6401) had an original authorization of \$40 million but only received \$15 million in the Administration's budget. This is \$5.3 million below the Administration's FY06 request of \$20.3 million and \$25 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 2000** (Sec. 9008) is now authorized at \$200 million (discretionary funds) in Sec. 941 of the Energy Policy Act of 2005 was **zeroed out** in the Administration's budget request.

The **CCC Bioenergy Program** (Sec. 9010) was completely eliminated from the Administration's proposed budget in FY07; 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; it suggested that emphasis should be placed on incentives for biodiesel.

The **Biodiesel Fuel Education Program** (Sec. 9004) has authorization through FY07 and did not receive funding in the Administration's budget.

There was no direct mention of the **Federal Procurement of Biobased Products** program (Sec. 9002). However, several other departments within USDA include biofuels and products research initiatives:

- Within the \$11.3 million budget for the **Office of the Chief Economist (OCE)** funds for analysis of biofuels, new uses of agriculture products and global climate change are included. This includes an increase of \$0.5 million to support USDA's participation in the international Methane to Markets Partnership.
- \$9.8 million in **Hatch Act** funds are directed to "support projects that increase the production of renewable fuels from forestry and agriculture biomass."
- **Economic Research Service (ERS)** budget includes \$1 million for "research and modeling capacity to better understand the economics of bioenergy production, the demand for by-products, and the likely future adjustments in the crop and livestock sectors."
- **Cooperative State Research, Education, and Extension Service's (CSREES) National Research Initiative** includes \$19 million for the Department's bioenergy and biobased fuels research initiative.
- **Agriculture Research Service (ARS)** budget includes \$11 million to be directed "more effectively use energy crops and crop residues and to maximize their conversion to biofuels."

The Administration's budget request for the **US Department of Energy (DOE)** calls for \$1.2 billion for the Office of Energy Efficiency and Renewable Energy, including \$179 million for Biomass and Biorefinery Systems R&D.

Department of Energy (in millions)

Priority	FY 2006 Appropriation	Admin. FY07 Request	Admin. FY08 Request
Biomass and Biorefinery Systems R&D			
Feedstock Infrastructure	\$0.5	\$10	\$10
Platforms Research and Development	\$20	\$51	\$59
Utilization of Platform Outputs R&D (Sec. 932(d) of EPAct and small biorefineries)	\$23	\$89	\$105
Cellulosic Ethanol Reverse Auction	\$0	\$0	\$5
Congressionally Directed Activities	\$47	\$0	\$0
Total, Biomass and Biorefinery Systems R&D	\$91	\$150	\$179

The DOE's proposed budget for FY08 included just \$179 million for its Biomass and Biorefinery Systems R&D Program. This is an increase of \$29 million over the Administration's FY07 proposed budget, but a decrease of \$72 million from the DOE Bioenergy program's authorized level of (Sec. 932) \$251 million. This includes the important Integrated Biorefinery Demonstration Projects (Sec. 932(d)), just one of the EPAct '05 programs. The Administration's proposed budget includes: feedstock infrastructure; platforms research and development; utilization of platform outputs R&D; and the Cellulosic Ethanol Reverse Auction authorized in the Energy Policy Act of 2005 (Sec 942, P.L. 109-58). This is an increase for the 'reverse auction' which had no proposed funding in the Administration's FY07 budget, but far from the \$250 million authorization.

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

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