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PRESS RELEASE

For Immediate Release
December 21, 2005

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SENATE PASSES DEFICIT REDUCTION ACT OF 2005: RENEWABLE ENERGY PROGRAMS CUT

(Washington, DC), The Senate passed the *Deficit Reduction Act of 2005 (S. 1932)* today 51 to 50 calling for the Vice President's vote as the tie breaker. Five Republican senators, including Senators Chafee (R-RI), Collins (R-ME), DeWine (R-OH), Smith (R-OR) and Snowe (R-ME) and Sen. Jeffords (I-VT) voted with Senate Democrats in opposition of the deficit bill. The House vote took place early Monday morning after weeks of debate and a weekend of negotiations during which conferees hashed out final details. Through the efforts of Senate Democrats, the House will have to vote on the deficit bill again before it is signed by the President. Though passage of the bill is almost certain, the absence of House Members on account of the holiday break may allow room for change. Despite numerous efforts on the part of Environmental and Energy Study Institute (EESI) and other organizations across the country funding for both the Sec. 9006 Renewable Energy & Energy Efficiency Program and Sec. 6401 Value-Add Grant Program is in jeopardy.

According to Senate sources, the Senate and House Agriculture Committee Chairmen, Senator Chambliss (R-GA) and Representative Goodlatte (R-VA), disagreed on most of the deficit bill's agriculture provisions and had to bring in representatives of the Administration and of the United States Department of Agriculture to come to a final conclusion on the agriculture provisions. As of last weekend many renewable energy supporters were confident that the small programs such as Sec. 9006 and Sec. 6401 would not be cut because of the strong support they were garnering from Senate leaders. Unfortunately, the need to find money to support other agriculture programs reduced funding for Sec. 9006 in FY 07 to \$3 million in discretionary funding, which is down from \$23 million in mandatory funding, thereby reducing the baseline to such an insignificant number that it essentially eliminates the program. Sec. 6401 did not take such a severe cut; the baseline was spared for FY 07 which stands at \$40 million, but the bill called for all funds which are unobligated by October 1, 2006 to be reclaimed by the Federal government.

The fallout of this budget reconciliation bill will shape FY 07 appropriations and the upcoming discussions on the reauthorization of the farm bill. Even with a tight budget and pressure from the administration, EESI will work to protect funding for energy title programs of the farm bill during the appropriations process. This next year will be vital for developing new clean energy programs for the farm bill and for making all energy programs stronger in the bill, thereby making it more difficult to gut programs through both budget reconciliation and appropriations.

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

The Environmental and Energy Study Institute (EESI) is a non-profit organization that works at the nexus of policy and innovation to promote environmentally sustainable societies. EESI was founded in 1984 by a bipartisan group of Congressional Members dedicated to finding environmental and energy solutions. EESI provides credible, timely information and innovative policy ideas through coalition building, media outreach, publications, briefings, workshops and task forces on the issues of energy efficiency and renewable energy, transportation, smart growth, agriculture and global climate change. Carol Werner leads the EESI team as executive director.

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