

Joint Budget Backgrounder

Public Demands Big Change, Administration Offers Only Pocket Change

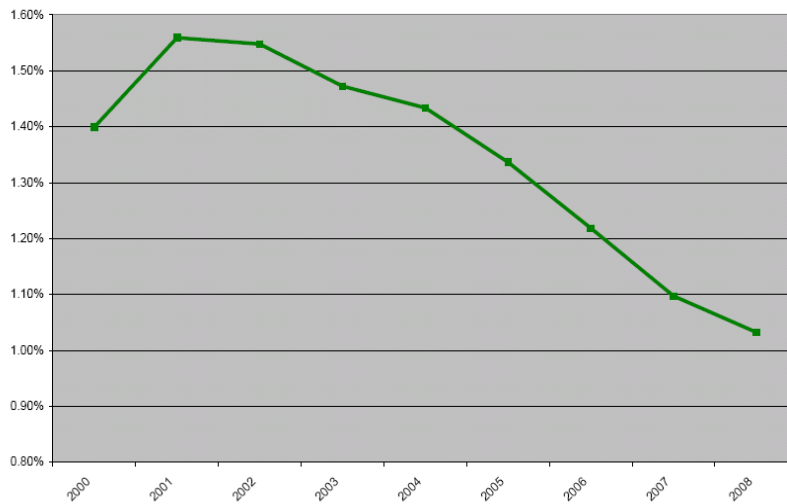
Environmental Programs at Their Breaking Point, Suffering From Years of Neglect and Lack of Vision

Last year, the American public demanded that our government change direction, both abroad and at home.

Last Congress, the Republican leadership recognized that the cuts in the Administration's fiscal year (FY) 2007 budget request were so deep and misdirected that they could never become law.

Last Monday, the Administration again ignored the public's call for change and proposed a FY2008 budget that is strikingly similar to the failed FY2007 proposal and continues the environmental funding downward spiral.

Function 300 as a Percentage of the Overall Budget



In fact, despite Congressional and public outcry about dangerously low funding for natural resources and environment (Function 300) this budget proposes the same level as the FY2007 continuing resolution (H. J. Res. 20), cuts discretionary levels by 4.8 percent below FY2006, and is well below the level at the start of the Bush Administration when adjusted for inflation.

One notable exception and laudable bright spot is a proposed increase in funding for our neglected National Parks, and even that is tied to a disastrous proposal to drill in the Arctic National Wildlife Refuge.

The most disappointing part of this budget, however, may not be its funding cuts, but its failure to chart a new environmental course for the nation and begin wrestling with the global warming crisis that is affecting our planet, especially in light of the President's call that we end our addiction to oil.

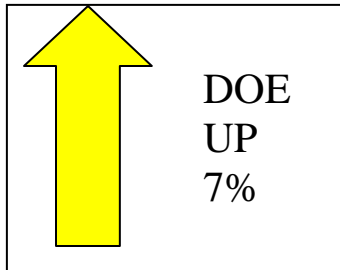
This budget provided a prime opportunity for the President to show his commitment to addressing this issue. However, instead of investing sufficiently in clean, renewable energy to end our oil addiction and stop catastrophic climate change, this budget offers millions of dollars in new funding to destructive, polluting industries.

This administration has put budget cuts and taxpayer handouts for polluting and already profitable corporations ahead of the nation's future, while agencies are asked to do more and more with fewer and fewer resources. This is especially troubling now because of several disturbing trends. Last year was the warmest year on record; global warming pollution is at an all-time high; and energy prices remain high.

Even though overall environmental spending remained steadily low, several vital programs were slashed even further, including:

- EPA's Clean Water funding continues to be targeted by the administration. The federal government is required to provide only 25 percent of clean water funding, or \$5 billion annually. But this budget provides a mere \$688 million, only 3.5 percent of the nation's need
- The Land and Water Conservation Fund has hit a new seven-year low with the federal program funded at only \$58 million in the FY2008 Budget (6 percent of the authorized level) and the state-level program completely zeroed out
- Despite its responsibility to manage our ocean resources, forecast our weather and understand global warming and its impacts, NOAA continues to struggle with funding cuts. This budget proposes the agency adequately fulfill its obligations with a decrease of 1 percent from FY2006, while only last week the president unveiled his Oceans Initiative with the promise of an increased investment in ocean programs.
- The President's budget asks for "placeholder" funding for many of the Farm Bill conservation programs, but requests no specific funds for these programs and effectively slashes funding for these vital conservation programs by nearly 50 percent from the authorized levels

Following is a more detailed summary of some of the most significant impacts to environmental funding proposed by President Bush for FY2008.



DEPARTMENT OF ENERGY

The country is at a crossroads, finally recognizing that we must solve the twin problems of oil addiction and global warming. Yet the President's FY2008 budget disproportionately shifts new monies to destructive and polluting energy sources like coal, oil, gas, and nuclear power. The total DOE budget request for civilian energy technologies (efficiency, renewable sources, fossil fuels, and nuclear) is \$512 million higher than last year's request. Even if 100% of this increase were dedicated to clean energy resources, it would be far less than the urgent problems of global warming and oil dependence require. But fully 90% of this increase is instead directed at mature resources (fossil and nuclear) that will not solve either problem. Wealthy firms that favor these conventional energy sources do not need these subsidies, while the newer, cleaner sources would produce more benefits with every dollar that these backward priorities are denying them. A striking example of the President taking us in the wrong direction is his request for \$405 million for the Global Nuclear Energy Partnership, more than he requests for all renewable energy resources combined.

For government investments in energy technologies to help solve global warming, America needs a mandatory cap on global warming pollution that reduces pollution emissions from all sectors of the economy over time. Without a cap, which the administration opposes, the market will be unequipped to bring technologies out of the laboratory and into the marketplace.

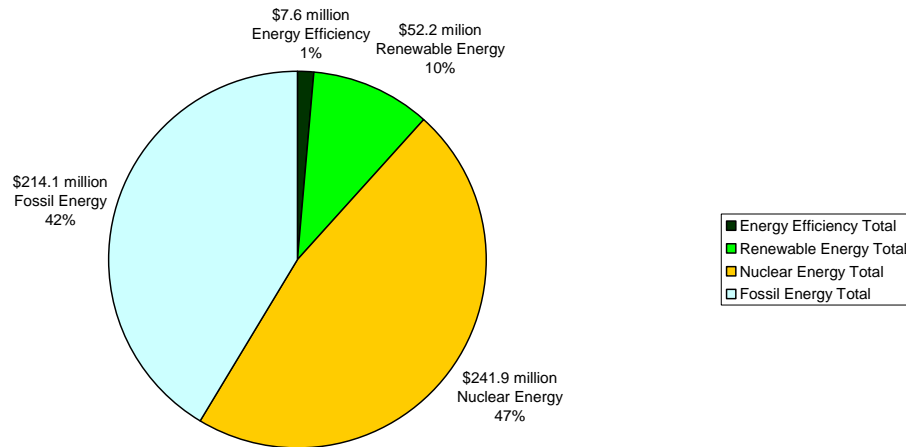
The Administration's budget also fails to deliver a clean energy future by failing to ensure that these three key actions are taken:

- **Use less energy by being more efficient** – In a welcome move, President Bush called for an increase in fuel efficiency standards for cars and trucks in his State of the Union address. However, the President needs to follow through on this promise and ensure that the standards do not include loopholes that will erode the effectiveness of the standards. Moreover, his budget proposal for FY2008 would only give a modest increase to DOE energy efficiency programs compared to the FY2007 request and would actually cut weatherization from the FY2007 level.
- **Use more renewable fuels and use the best ones available** – The Administration continues to promote hydrogen fuel cell technologies that may eventually replace the need for liquid fuels in cars. Until then, a truly clean liquid energy path must focus on sustainable fuels like cellulosic biofuels that use switchgrass as a feedstock. But the Administration continues to overemphasize corn as a source of biofuels, which can have adverse effects on

land and water supplies. The Administration’s proposals for increased use of biofuels also do not include safeguards to prevent environmental harm. The Administration’s recent call for an alternative fuel standard further opens the door to liquid coal (a synthetic diesel fuel produced by liquefying coal) as a fuel for cars, which spews twice as much global warming pollution as gasoline. Furthermore, to be truly clean even fuel cells need a renewable source of electricity as an input; yet the Administration’s FY2008 request for solar and wind power actually falls below DOE’s FY2007 request.

- Use state-of-the-art pollution controls on conventional sources of energy –**
 Coal production and use has significant environmental problems. Any new power plants must use the most advanced environmental systems available. For coal plants this means at a minimum carbon capture and disposal technologies to capture the plants’ traditional and global warming pollution. In addition, we must take steps to end the most destructive forms of coal production, such as mountaintop removal. Yet the administration’s coal programs are not focused enough on addressing the issues concerning carbon sequestration, and its regulatory policies on coal have accelerated the most destructive forms of coal production. Instead, the Administration should support legislation to require coal plants to comply with mandatory carbon caps.

**DOE BUDGET REQUEST FY 2007 TO FY 2008:
 Percentage of Proposed Increase by Civilian Energy Sector**



Energy Efficiency: Fails to Fund the Dream

The cheapest, cleanest and most reliable way to increase energy supply is energy efficiency. The FY2008 budget, however, proposes an appalling 18 percent cut to federal energy efficiency programs compared to what Congress appropriated in FY 2006. These programs not only reduce pollution, but also save consumers and businesses money.

Low-income families are especially hard hit by today's high energy prices, so permanently reducing their energy bills by making their homes more energy efficient should be a priority. The DOE proposed budget, however, cuts the Weatherization Assistance Program by \$99 million, or 41 percent compared to the FY2006 appropriation. The weatherization program not only pays for itself by reducing winter heating bills, but also provides meaningful savings that consumers rely on to purchase food, medicine and other essentials. According to the National Community Action Foundation, 39,000 low-income families would be denied weatherization services in 2008 as a result of the cut.

The Federal Energy Management Program, which reduces energy use in federal buildings through energy efficiency, was decreased by about \$2 million or 12 percent compared to the FY2006 appropriation. The cut to this program is puzzling because it helped cut federal building energy waste by almost 23 percent from 1985-2001, which now saves federal taxpayers roughly \$1 billion each year in reduced energy costs. The last thing the federal government should do in a time of rising budget deficits is cut a program that saves taxpayers money.

Vehicle Efficiency And Renewable Fuels: No Proof In The Pudding

Despite the President's goals of reducing gasoline demand by 20 percent and stopping the growth of global warming pollution, the FY2008 budget takes only small steps toward the vehicle efficiency and clean, renewable fuel commitments necessary to achieve his oil savings and global warming goals. The President's budget coordinates and refocuses the vehicle technology programs toward development of hybrid and plug-in hybrid vehicles – a laudable improvement. However, the \$176 million requested for the Vehicle Technology program pales in comparison to the hydrogen and fossil fuel funding in the DOE budget. Also, commercialization and deployment activities, which are critical to bridging the gap between the lab and the consumer market, receive just \$13.6 million and rest largely on voluntary demonstration and outreach.

The FY2008 budget also increases biomass and bio-refinery research and development by \$30 million, which is a step in the right direction. The total funding requested for this program - \$179 million – is, however, still not enough to adequately research, develop and commercialize the full range of biofuels. DOE's current biofuels research unfortunately focuses far too much on developing corn-based biofuels instead of more efficient and sustainable cellulosic biofuels.

However, without strong performance standards, no amount of funding will be sufficient to bring clean technologies and efficient vehicles to market. Thus, to make the President's plan for saving oil a reality, the Administration must first work with Congress to raise fuel economy standards for cars and trucks.

Renewable Electricity: Still at Low Wattage

In order to reduce global warming pollution from the electric power sector, the nation must substantially increase its use of renewable electricity. The FY2008 budget, however, woefully underfunds most renewable power resources. While the solar program enjoys a healthy boost to \$148 million compared to what Congress appropriated in FY2006, the funding for other renewable energy sources is the same or even cut. Wind energy, the fastest growing energy source in the country, was limited to less than a \$2 million increase over the FY2006 appropriation, for a total of \$40 million. In addition, the budget eliminates funding for the promising fields of geothermal and hydropower research and development.

Fossil Energy

Fossil Energy received a request of more than \$33 million in increased funding in FY2008 over its FY2006 budget, for a total of \$863 million. While DOE's Fossil Energy programs are designed to deliver "reliable, efficient, affordable and environmentally sound use of fossil fuels," this budget's focused increases on Coal Research & Development and the Strategic Petroleum Reserve will fail to address the challenge of global warming.

Research and development in coal, one of the largest contributors to global warming, received a 29 percent increase in this year's budget. The 29 percent increase is compared to a tiny 5 percent increase in energy efficiency and renewables. In order to slow, stop and reverse dangerous global warming, renewables and energy efficiency should get far more than fossil energy. Furthermore, carbon capture and storage technology must be part of the construction of any new coal plant, and all DOE investments should explicitly advance that goal. The increases in this budget go toward programs like the Clean Coal Power Initiative. This program is designed to demonstrate the next generation of advanced coal technology, but does not require nor prioritize reducing emissions of the global warming pollutant CO₂. The Regional Partnerships and FutureGen will not result in effective deployment of systems to capture and safely dispose of CO₂ from these sources without clear policies for timely private-sector diffusion.

One bright spot in the fossil energy budget is the President's proposal to eliminate funding for the oil and natural gas technologies program. Another is the proposal to repeal the Ultra-Deepwater and Unconventional Natural Gas and Other Petroleum Research Fund that was created in the 2005 Energy Policy Act. This is the second year in a row that the President's budget requests eliminating these programs, which spend scarce taxpayer dollars on incentives for non-renewable, dirty fossil energy production instead of clean renewable energy sources.

Finally, the Administration is spending \$5 million of taxpayers' money on its grossly inadequate international effort to reduce global warming, the Asia-Pacific Partnership. The voluntary targets for reductions of global warming pollution under the Partnership are meaningless and far too modest to address the climate problem and should be viewed as little more than an exercise in looking busy while other nations, states, business

leaders, and local elected officials work towards real policies to slow, stop and reverse global warming.

Weapons Activities: Money Misguided

The Department of Energy's FY2008 request for Weapons Activities within the National Nuclear Security Administration (NNSA) is \$6.5 billion, an increase of \$111 million or 1.6 percent over the FY2007 budget. This modest increase cloaks a major shift in NNSA strategy, from maintenance and refurbishment of Cold War "legacy weapons" to the design, development, production (and possible testing) of a new generation of nuclear warheads (known as Reliable Replacement Warheads or RRW) fabricated in a series of refurbished or new facilities known as Complex 2030. Under the President's plans, RRW program costs will climb to nearly \$1 billion over the next five years, a fairly robust level of spending for an Administration that purports to be instructing Iran and North Korea on the virtues of nuclear weapons restraint.

False Advertising on "Mixed-Oxide" Fuel

The ramp-up in new-generation weapons spending is tame compared to NNSA's program to jump start the use of plutonium in the US civilian nuclear fuel cycle. The program is designed to transform 34 metric tons of "excess" plutonium from the Cold War stockpile into plutonium-uranium "mixed-oxide" fuel for US civil nuclear reactors. With a straight face this is advertised in the budget as a contribution to nuclear nonproliferation. The request is \$140.8 million over the 2006 enacted budget for a total of \$609 million. NNSA has already spent \$1.011 billion since 1999 merely to design this "mixed-oxide" facility, which will cost \$4.7 billion to complete, and requires another \$2.5 billion precursor facility to convert the excess warhead plutonium from metal to the oxide powder form needed for fuel fabrication. Many expenditures for this dysfunctional cooperative project with Russia have vanished with little to show for them, either in South Carolina or in Russia. This boondoggle is ripe for congressional investigation to find out where all the money went.

Global Nuclear Energy Partnership: Good Money after Bad

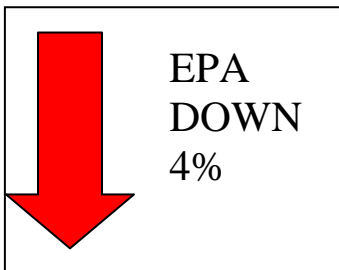
DOE's Office of Nuclear Energy Research is requesting \$405 million for the Global Nuclear Energy Partnership (GNEP) in FY2008, after congress skeptically granted less than half the FY2007 request of \$250 million. GNEP, if successful, will overturn more than 30 years of US policy opposing the separation and use of plutonium in the civilian nuclear fuel cycle. While this request is substantial, it is but a tiny down-payment on \$100 billion dollars or more that would be required to build large spent fuel reprocessing and plutonium fuel fabrication plants, and some 40 large, unsafe and expensive "fast reactors." GNEP would not produce a commercial kilowatt of carbon-free energy for decades, and has essentially zero prospects for competing in the marketplace without massive and continual subsidies from the taxpayer. GNEP will result in more environmental hazards and increased security risks, and does not deserve our nation's precious tax dollars.

The Proposed Yucca Mountain Repository

Despite the passage of another year with DOE unable to file a defensible license application, with EPA unable to issue defensible radiation protection standards, and with retiring members of the Nuclear Regulatory Commission finally acknowledging, “it may be time to stop digging,” the Administration proposes to dump another \$494 million (a \$49 million increase) into the proposed high-level waste and spent nuclear fuel repository in Nevada. Even if DOE can finally file a license application and even if EPA can finally propose a new set of standards, these actions will not be designed to protect public health and the environment for the length of time the waste is dangerous. Congress must heed the words of retiring NRC Commissioner Edward McGaffigan and stop funding this project when it is time “to rethink” and “look at other sites.”

DOE Nuclear Weapons Complex

Even though the Administration’s budget for cleaning up the toxic and radioactive nuclear weapons complex is down to \$5.655 billion from last year’s \$5.828 billion request, the bill for the life of the cleanup just got \$50 billion larger. This acknowledgement of the real long-term costs erases the Administration’s claims of “savings” by “accelerating” the cleanup over the last few years – an acceleration that simply amounted to covering over the waste rather than cleaning it up. And buried in the budget is this looming detail, making it even more apparent we still don’t have a handle on the long-term costs of the nuclear mess: “Cleanup standards: The end state for cleanup at certain sites is not determined. The extent of cleanup greatly affects cost, schedule, and scope of work.” Congress must ensure the cleanup program is fully funded so that states and the public can be assured DOE will meet its regulatory obligations and clean up its mess. Most important, Congress must give EPA and the states authority to set radioactive cleanup standards at all DOE sites so we can have an accurate, responsible projection of the full cost of our nuclear weapons cleanup bill.



ENVIRONMENTAL PROTECTION AGENCY

The Environmental Protection Agency’s (EPA) budget request takes us back to the future. It repeats the rejected FY2007 budget almost exactly. As the nation’s premier entity tasked with protecting human health and the environment, it is a principal victim of the administration’s lack of budgetary vision and inability to deal with global climate change. The overall funding request is \$7.2 billion, a reduction of slightly more than \$400 million than last year’s enacted level. Since the beginning of the Bush Administration we have gone seven years forward but funding levels have jumped nine years back.

Global Warming... We'll look into that

The administration continues to turn a blind eye to the overwhelming body of scientific evidence that burning fossil fuels is warming our planet, posing a severe threat to the future stability of the climate and to human health and welfare. The EPA's budget cuts clean air and climate change funding by \$22 million. At a time when the EPA should be at the forefront of solutions to global warming, this meager amount of funding is wholly inadequate. Moreover, the research budget continues to be tied up posing questions that the global scientific community already considers answered. While the commitment to the highly successful Energy Star is welcomed, it is time for the EPA to move beyond voluntary programs that continue to allow US global warming emissions to increase each year.

Clean Water Puddle Jump

By far, the deepest holes at EPA affect water quality and push the bar \$15 million lower than even the FY 2007 request (at the time the lowest in history) to a slim \$2.7 billion, compared to \$3.1 billion for the FY2006 and FY2007 enacted levels. The \$400 million cutback represents close to 15 percent of total water quality investments.

This means that the day-to-day work of the agency – setting water pollution limitations and reviewing permits and state pollution control programs, to name just two – will be short-changed, and EPA will more than likely fail to meet deadlines in the law (many of which have already passed).

The Clean Water State Revolving Fund (CWSRF), which provides states with low-interest loans for priority water pollution control projects, was hit particularly hard this year. This vital program is targeted for cuts totaling \$395.4 million, down to only \$687.6 million from last year's enacted level of \$1.083 billion. Since FY2002, more than \$1.4 billion will have been stripped from CWSRF if these cuts go forward; despite the fact that EPA has said \$19.4 billion annually is needed (\$388 billion over the next 20 years) to solve the country's clean water infrastructure problems.

Meanwhile, the Safe Drinking Water State Revolving Fund is in line for a slight increase of \$4.5 million to \$842.1 million, up from \$837.6 million enacted last year. This is still far below the program's annual needs for supporting construction of drinking water purification facilities.

Superfund, Less than Super

Our most toxic sites continue to languish as scarce tax payer dollars are diverted to clean up other people's messes. The President's budget continues to subsidize polluting corporations by paying for toxic waste cleanups, while cleaning up \$7 million less of these toxic sites. Additionally, the administration's commitment to clean up these sites continues to dwindle as there has been a reduction of \$137 million in requested funds since 2005. This falling request comes when the agency reports that staff levels are decreasing (down 91 full time employees in FY2008) and funding shortfalls for sites ready for cleanup have grown to a record \$250 million in FY2004.

The President continues to ignore a proven funding mechanism for cleaning up these toxic sites – the Superfund Trust Fund. The fund was created in 1980, had the support of Presidents Reagan, Bush, and Clinton, and was sustained by a combination of three “polluter pays” taxes and congressional appropriations. At its height, the fund collected approximately \$1.5 billion in taxes every year. After the tax expired in 1995, the fund continued to pay for the cleanup of the most toxic sites, when those responsible could not – or would not – take responsibility for them, until it finally went bankrupt in 2004.

Taxpayers are now solely responsible for cleaning up toxic messes left by irresponsible polluters. Because Superfund’s funding source (the trust fund itself) is no longer viable, the program now draws even more money away from other EPA programs. The net result is that taxpayers are forced to foot the bill for the 3 out of 10 Superfund cleanups where there is no responsible party to pay, leaving EPA no choice but to slow down toxic cleanups. Reauthorization of the fund would save the federal government \$1.5 billion in annual appropriations and allow it to fund other worthy programs. Congress should reinstate the “polluter pays” principle and shift the burden of cleanup to those who are responsible for the mess.

Leaking Underground Storage Tanks: A Budget Gimmick

The administration cuts its support to communities to monitor these hidden dangers in their midst. And though thousands of underground tanks are well maintained by their owners, the cut of \$15.3 million in state inspection, maintenance and clean up grants under the Underground Storage Tank grant program will constrain communities’ ability to protect their groundwater supplies. And the latest proposal from the administration creates ‘flexibility’ in the inspection schedule, though a statistically significant sample is promised to be used, it would be unacceptable if a leak occurred polluting an entire communities drinking water supply because it was not part of the ‘sample’.

The administration’s request for cleaning up the leaking tanks as part of the Leaking Underground Storage Tank (LUST) grant program is essentially the same as the last several years at \$72 million – much less if you consider inflation. The program hopes to begin working through the backlog of more than 110,000 clean ups that are left over from 2006. However, the administration keeps using the LUST trust fund as a budget gimmick offset since it has over \$2.5 billion in funds. These funds are regularly diverted to the treasury to help reduce the deficit as opposed to being used for the clean ups that they have been dedicated for. The administration’s failure to adequately use available resources for these much-needed cleanups is unacceptable; especially considering that more than 50 percent of the nation, and 100 percent of many rural areas, relies on groundwater for drinking water.

Environmental Injustice

According to the National Academy of Sciences, predominantly minority and/or low-income communities face significant obstacles to receiving equal protection under our nation’s federal environmental laws. The National Law Journal found that penalties for violations of hazardous waste laws were 500 percent higher in communities with majority white populations than in communities that had the greatest numbers of minorities. In the

face of these and other convincing reports, the administration continues to arbitrarily cut Environmental Justice by 28 percent – down \$1.8 million to \$4.6 million. This will result in fewer grants for communities to deal with these injustices.

Diesel Emissions and Clean Air: Penny-Wise, Dollar-Foolish

More than 20,000 Americans face unnecessary risk of premature death every year from breathing dirty diesel soot spewed by the nation's 8 million diesel buses and trucks, as well as countless farm, construction and industrial diesel engines. Over the long term, EPA's new and upcoming standards for new diesel engines should eliminate 90 percent of this risk, by 2030. But in the short run, funding programs are necessary to accelerate the clean-up of today's dirty diesels.

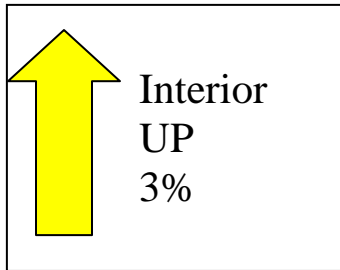
That's why we applauded when President Bush signed the Diesel Emissions Reduction Act (DERA) in 2005, which authorized \$200 million annually to accelerate the retirement, replacement or retrofitting of the nation's dirtiest diesels.

But the President's FY 2008 budget allocates only \$35 million to implement DERA. That's simply not enough to meet the surging demand for diesel pollution controls that are sought by school districts, transit fleets, truckers, farmers, construction equipment operators, and other diesel users. Indeed, California and Texas will allocate—and spend—\$140 and \$120 million, respectively, for diesel pollution reduction projects in their states this year.

States, environmentalists and industry support diesel retrofit programs because they are extremely cost-effective. According to EPA, every dollar spent on cleaning up the existing dirty diesels yields \$13 in health benefits or more. So, short-changing the diesel retrofit program may save money in the short run, but will cost more in the long run. Congress should consider raising the DERA budget to \$49.5 million, as a reasonable first step towards meeting the full authorization potential of DERA in years to come.

Energy Star Flaming Out

EPA's popular and tremendously successful Energy Star program also takes a \$6 million or 12 percent hit compared to the FY2006 appropriation. The program sets voluntary energy efficiency standards for more than 40 categories of consumer and business products, and qualifying products can display the Energy Star label. For every federal dollar spent, Energy Star produces average energy bill savings of \$75 and sparks \$15 in investment of new technology.



DEPARTMENT OF THE INTERIOR

Although the FY2008 budget stops some of the hemorrhaging of funding support that characterized the first 5 years of the Bush Administration, and the National Park Service's operations and maintenance budget is increased by \$258 million, other Interior Department programs continue to suffer from inadequate funding support. And unfortunately, the commercial exploitation of natural resources, rather than their stewardship, continues to be the Department's highest priority.

Feeding the Oil Addiction

Despite the President's talk of moving America off our dependence on oil, his budget reverts to old, dirty energy and again proposes opening the Coastal Plain of the Arctic National Wildlife Refuge for oil development. The budget assumes that leasing in the refuge will provide \$7 billion. It is the height of irresponsibility to base the country's budget on highly speculative and dubious projections of lease revenues from the Arctic Refuge. Instead of taking steps to chart a new energy direction for the country, this budget embraces the failed policies of the past and caters more to the need of profit-laden oil companies than the energy needs of our country. For nearly 50 years, the Arctic National Wildlife Refuge has protected wilderness and wildlife such as caribou, millions of migratory birds and denning polar bears, which the US Fish & Wildlife Service has proposed for listing under the Endangered Species Act.

At the same time, the Bureau of Land Management (BLM) proposes another significant boost in its oil and gas program budget to \$121,191,000 from \$115,308,000. The Bureau's oil and gas program budget has more than doubled since FY2000, while other BLM programs -- such as wildlife and fisheries, wilderness, and cultural resources management -- have either been flat-funded or decreased during the same time period. And although Secretary Kempthorne has proposed a \$22 million "Healthy Lands Initiative" apparently in recognition of the havoc being visited on the public lands of the Rocky Mountain states from oil and gas development, the specific objectives of the initiative are hazy.

Privatization of Public Lands

The DOI budget also proposes to sell of public lands managed by BLM with a target of raising \$186 million over the next five years, and \$334 million over 10 years, from the privatization of public lands. The request would require that 70 percent of the money raised from sales would be deposited in the Treasury, rather than allocated for purchase of other land within National Parks, National Forests, and BLM conservation areas, as is now the case.

BLM Wildlife – Energy Dependent?

While the budget touts a \$15 million increase for BLM's portion of the "Healthy Lands Initiative," and says the funds will be targeted to protecting wildlife and restoring habitat in energy interface areas, it is unclear exactly how this money will be spent and whether it will be effective. The Initiative is essentially designed to begin cleaning up the mess of poor energy development decisions. Proposals to revamp the administration's energy policies would be far more effective in conserving wildlife than this small program. Energy development and other extractive industries on federal land are expected to generate \$4.5 billion in 2008. More of that money should be used for mitigation activities. In addition, proposed levels for specific BLM wildlife, fish and threatened and endangered species programs are essentially flat. These programs have routinely seen more than 30 percent of funding siphoned away to support energy development and in FY 2006 saw more than 50 percent of their funding drained away.

No Mention of Funding for America's Newest Conservation System

The Department of the Interior sends the message that its spectacular 26 million acre National Landscape Conservation System may be its lowest priority. This network of historic and wild Bureau of Land Management areas--places like Sonoran Desert National Monument, Gunnison Gorge National Conservation Area, and Headwaters Forest--isn't even mentioned in the budget. Yet there is mounting evidence that the Conservation System desperately needs funding.

BLM officials report that when the official "budget justifications" are released we'll see the lowest request ever for the National Landscape Conservation System: just \$32.5 million (non-wilderness). While the Department of the Interior allocates a deserved \$258 million increase for the National Parks--including 3,000 new rangers--the National Landscape Conservation System appears unlikely to get even the mere 10-20 additional rangers it needs to help curtail reckless and illegal off-road vehicle use and vandalism of cultural resources--sources of irreparable damage. The Conservation System provides recreational opportunities, hunting, clean water, habitat for threatened and endangered species, and unparalleled research and outdoor education venues. Unfortunately, the administration's budget will not provide adequate funding for resource protection. Policy experts agree that the System needs a budget of at least \$69 million (\$50 million for non-wilderness lands, \$19 million for wilderness) to function effectively, but the BLM continues to emphasize oil and gas development on its lands rather than conservation of its unique National Landscape Conservation System.

Fish and Wildlife Service in Structural Collapse

The US Fish and Wildlife Service is in crisis and has lost 600 staff over the last two years. The president's budget plays a shell game that will leave wildlife programs in continued deterioration.

The Endangered Species program protects our nation's most vulnerable creatures that are on the brink of extinction, yet the president's budget cuts funding for recovery of threatened and endangered fish, wildlife, and plants by 7.5 percent or \$5.5 million below FY 2006. At the same time, the budget eliminates two programs that provide support to

private landowners who willingly conserve endangered and other at-risk wildlife on their lands, a cut of \$29 million below FY2006 levels.

The nation's 547 national wildlife refuges are anchors for wildlife conservation across the country and serve as economic engines for local communities. The meager increase requested by the administration still leaves the Refuge System more than \$55 million below the FY 2004 inflation adjusted funding level and fails to address the \$2.5 billion operations and maintenance backlog. The Refuge System is undergoing a massive budget restructuring to deal with funding shortfalls that will result in the elimination of a fifth of the System's staff, thereby forcing education programs and conservation activities to be cut or eliminated, as well as the closure of refuges.

The request also cuts the modest Multinational Species Conservation Fund by a whopping 34 percent or \$2.1 million. This effective program provides a 3 to 1 match to grants and cooperative agreements for the conservation of elephants, rhinos, tigers, apes and sea turtles in foreign countries.

While some programs such as the North American Wetland Conservation Fund and State and Tribal Wildlife Grants are seeing very modest increases, the increases still fall far below what is needed and the increased amounts do not make up for cuts in other areas.

Losing the Land and Water Conservation Fund

The president's proposed funding for the Land and Water Conservation Fund (LWCF), our nation's premier tool for creating and preserving parks, forests, wildlife refuges and open spaces for all Americans to enjoy, is one of the lowest in the history of the LWCF. Despite the President's campaign promise to fully fund LWCF at \$900 million, the administration's request for LWCF is only \$58 million. Of that amount, only \$22.5 million would go to the actual purchase of land—a 93 percent decrease from the FY2002 request and a 95 percent decrease from FY2002 enacted. Furthermore, for the first time in the history of the LWCF the president's budget zeroes out money for the Bureau of Land Management LWCF projects. And while state and local governments are struggling to create parks and preserve open spaces that are threatened by sprawling development, the administration has again proposed to eliminate all LWCF stateside matching grants to assist them. National treasures from the Everglades in Florida and Denali in Alaska to the parks in our own neighborhoods will suffer from loss of funds for expanding and consolidating parks, refuges and forests.

National Park Service

The President's budget request proposes an unprecedented \$258 million increase (14.3 percent) in park operating funding above the enacted FY2006 budget to help restore our national parks before their centennial in 2016. National park rangers have long been an endangered species in our parks. This operating budget request would provide an additional 500 full-time rangers; 1,000 new seasonal rangers to provide interpretation and public education; 1,000 new seasonal maintenance employees; and 1,000 new visitor and resource-protection seasonal rangers to address crime in the parks. In addition to this

budget request, the Administration has proposed a new \$100-million philanthropic match to encourage private donors to increase their investments in the national parks.

This funding is critically needed because America's national parks suffer from a chronic, \$800-million annual operating shortfall. This budget request would jumpstart the Administration's National Park Centennial Challenge – a 10-year initiative to restore the national parks to meet the expectations of the public in the parks' second century.

FOREST SERVICE

Death by a Thousand Cuts: Logging Up, Forest Protection Down

The Forest Service's proposed budget continues to boost the timber industry while cutting important core services such as recreation and forest protection. While the maintenance backlog for Forest Service roads has increased to \$4.6 billion and threats of closing additional recreation sites are on the rise, the President's budget favors commodities over other forest uses. The timber program is receiving a \$41 million increase to fund the Forest Service's goal to increase logging by 67 percent (from 2.1 billion board feet in FY2006 to an astounding 3.5 billion board feet for FY2008). The President's budget plans to increase logging under the Northwest Forest Plan to 800 million board feet. Increased logging of the last remaining old growth forests will significantly impact the habitat of salmon, spotted owls, and murrelets, small seabirds which nest in the coastal, old-growth forests of the Pacific Northwest. In addition, reaching the logging levels proposed for the Northwest Forest plan will most certainly require shortcuts for environmental protections. Logging in the Tongass National Forest has cost taxpayers almost \$900 million since 1982; it is simply irresponsible for the federal government to spend tens of millions of American tax dollars to subsidize the timber industry in Alaska and, in the process, damage a globally rare temperate rainforest that attracts hunters, fishermen, and tourists from around the world. Unfortunately, unsustainable and economically unrealistic logging levels in the Tongass are likely to continue under the President's budget.

In contrast, the Recreation, Wilderness & Heritage program is slated for a nearly \$30 million cut when it should be increased to meet the public's recreation demand. The Forest Service has recently identified the loss of open space as one of the four major threats to forests, yet Urban & Community Forestry, an important line item that can help address the loss of open space, is receiving an almost 40 percent cut. Additionally, the Wildlife and Fish Management Program is slated for a \$14 million cut at a time when fish and wildlife are most threatened by the effects of increased logging. These are only a few examples of the dozens of programs scheduled for decreased funding under the President's budget.

Forest Legacy on the Edge

A recent Forest Service report, *Forests on the Edge*, projected that more than 40 million acres of private forestlands, primarily in the Eastern United States, will experience significant increases in housing density by 2030, posing serious threats to water and other

ecological resources. The Forest Legacy program has been an effective tool to assist states in conserving threatened private forestlands through purchase of lands or development rights from willing landowners. For FY2008, 41 states requested a total of \$192 million in Forest Legacy funding for 82 forest conservation projects around the nation. Despite this enormous need, President Bush proposed only \$29 million for 14 Forest Legacy projects in FY2008, a more than 50 percent decrease from last year's request of \$61.5 million and a 49 percent decrease from FY 2006 enacted level of \$57 million. This would meet only 15 percent of states' funding requests, leaving scores of special places at risk of being paved over.

Selling National Forest Land: Selling America's Heritage

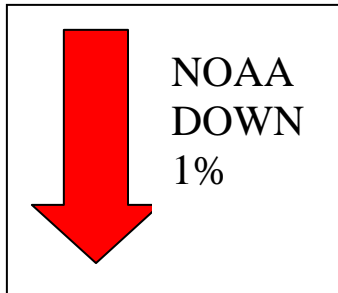
Finally, the President's budget includes a proposal to sell 300,000 acres of National Forest lands. This is the second consecutive year that a misguided plan to sell the country's public lands has been proposed to help remedy poor fiscal decisions. It is up to Congress to pass a solution that supports communities while protecting our public lands for the enjoyment and use of all Americans.

Community Fire Protection Programs Continue to Struggle

The President's Budget for the Forest Service continues a downward trend in funding for community fire protection programs. Critical programs such as State and Volunteer Fire Assistance actually put the scarce dollars where they are needed most – in and around communities – but under the president's budget these programs continue to struggle to simply keep up with inflation. Woefully under funded to begin with, this budget proposes a further reduction to \$85.1 million, an 8 percent cut from the FY2006 level of \$92.4 million. While this represents a needed increase from the Administration's drastic 25 percent cuts in the FY2007 Budget proposal, these proposed reductions still mean a continued decline in community fire assistance funds that are critical to at-risk communities. Compounding these cuts in State and Volunteer Fire Assistance is the elimination of an important community capacity program that provides almost \$10 million for local communities, the Forest Service's Economic Action Program, and the elimination of the BLM's \$10 million Wildland Fire Management Rural Fire Assistance Program.

Forest Wildlife Losing Ground

Our national forests and grasslands play an essential role in the conservation of our nation's wildlife and habitat. More than 425 species listed under the Endangered Species Act and an additional 3,200 at-risk species are found on Forest Service lands. Once again the budget cuts Forest Service Wildlife and Fisheries Habitat Management, this year by \$14.1 million or 11 percent below FY2006 levels.



NATIONAL OCEANOGRAPHIC AND ATMOSPHERIC ADMINISTRATION

Two high level commissions, the Bush-appointed US Commission on Ocean Policy and the independent Pew Oceans Commission, have in recent years released reports recognizing the crisis facing our oceans and the need for significant and immediate action to reverse ocean decline. Despite these findings, and a growing consensus from the scientific community that significant additional resources are needed, the President has proposed a one percent cut in the FY2008 budget for the nation's oceans agency, the National Oceanic and Atmospheric Administration (NOAA). The President has yet again missed an opportunity to increase investments in our oceans and our future.

The Administration has touted its request for an additional \$124 million for NOAA programs, yet the FY2008 request actually falls *below* 2006 funding levels, translating into less money for NOAA programs, services, and staff. For a sense of scale, the Joint Ocean Commission Initiative, the continuing body of the US and Pew oceans commissions, recommended that Congress appropriate more than six times the President's request. These funds are required to fund just the highest, near-term ocean science and management priorities.

National Ocean Service Slashed, Reefs will Suffer

The National Ocean Service is the primary Federal agency working to preserve America's coastal resources, yet the President's proposes slashing the Ocean Service by 23 percent. While the coral reef program itself receives modest increases, overall coral reef conservation suffers an almost \$3 million dollar cut with the zeroing out of the Hawaii, Florida, and US Caribbean Coral Reef Initiatives. These programs sponsor multi-disciplinary studies, through regional institutes, that provide timely, high-quality science and predictive tools for coral reef managers.

National Marine Fisheries Service: Up and Down

The overall National Marine Fisheries Service Operations, Research and Facilities account did see an increase of \$37.35 million (5.3 percent), yet programs such as sea turtle conservation, marine mammal protections and cooperative fishery research were cut. One positive increase is an additional \$9.1 million over the 2006 enacted level for the fishery observer program. Obtaining better information about the number of fish removed from the oceans each year, both through targeted and incidental catch will be key to sustainable management.

Magnuson-Stevens: Not Enough to Implement

At the end of the 109th Congress, the Magnuson-Stevens Fisheries Conservation Act, which guides fishery management, was reauthorized. Some changes include new

management authorities for the Regional Fisheries Management councils as well as a commitment to end overfishing. The President requested a \$20 million increase to implement the requirements of the Magnuson-Stevens Fisheries Conservation Act. While the funding increase is a good first step, the actual cost of proper implementation will be much higher. The President's proposal places almost half of the new money in programs like aquaculture and Limited Access Programs while significantly underfunding other programs critical to keeping healthy fish stocks healthy and recovering depleted stocks.

Pacific Salmon: Short-Changing Recovery

Pacific salmon are a vital part of the West Coast's economy and an important part of our nation's history and commitment to native peoples. Unfortunately for imperiled salmon populations and the communities that depend upon them, the Bush administration's budget for FY2008 would lock in place FY2006's congressional budget cuts to the Pacific Coastal Salmon Recovery Fund (PCSRF), the main source of federal funding for salmon habitat restoration from California to Alaska and inland to Idaho. The President's request of \$67 million represents a 39 percent cut since FY2002, when the PCSRF was funded at \$110 million. Even the 2002 peak funding level amounted to about half of what fisheries experts say is required to meet the needs of salmon recovery funding up and down the West Coast. Continuing misguided cuts to the program will make it that much more difficult for Pacific salmon states, local governments, and tribes to complete or implement their salmon recovery plans – especially as the region's salmon recovery "to-do list" continues to grow with every passing year – leaving many salmon stocks to teeter on the brink of extinction.

Oceanic and Atmospheric Research

The Oceanic and Atmospheric Research division was cut by 3.2 percent. The President has again proposed to eliminate the National Undersea Research Program. This program provides data critical to the National Marine Fisheries Service's efforts to protect and manage fisheries, corals and other undersea areas and resources. So far, Congress has bailed the Administration out each year and not accepted this misguided cut. By continuing to propose the program's elimination, the Administration risks losing this vital source of data.

Ocean Acidification

The newly reauthorized Magnuson-Stevens Act directs NOAA to conduct research on ocean acidification, the phenomenon of oceans becoming more acidic due to absorption of human-produced carbon dioxide emissions. A major consequence of this acidification is altered carbonate chemistry, which poses a significant threat to marine ecosystems and corals. Congress recognized this as a critical issue, yet the Administration dedicated no funding to ocean acidification studies.

THE FARM BILL

The Natural Resource Conservation Service (NRCS) manages the federal government's largest private land conservation efforts. The 2002 Farm Bill, which expires at the end of the current fiscal year, made an unprecedented commitment to providing farmers and ranchers with the technical and financial assistance they need to enhance wildlife habitat, restore wetlands, and implement practices that improve air, water and soil quality.

A Pot For Placeholders

The 2002 Farm Bill programs are subject to reauthorization this year and the Administration is proposing changes for several conservation programs that would take effect before FY2008. As a result, the Administration is not making specific funding requests for many of the conservation programs. Instead, the Administration proposal requests \$157 million in "placeholder" money for a suite of six programs. This "placeholder" money would fund six critical conservation programs, including the Wildlife Habitat Incentives Program, the Farm and Ranchland Protection Program, the Ground and Surface Water Conservation Program and the Grassland Reserve Program. This "placeholder" request is well below the \$238 million that these programs received in FY2006 and even farther off the mark from the over \$300 million needed to reach the conservation needs recognized in the 2002 Farm Bill. Thus, the "placeholder" request effectively slashes funding for these vital conservation programs by nearly 50 percent from the authorized levels. These effective and proven programs should remain standalone initiatives and receive funding equal to or above levels provided for 2007 by the 2002 Farm Bill.

EQIP: Not Well-Equipped

The Administration's request for \$1 billion for the Environmental Quality Incentives Program (EQIP) is well below the \$1.4 billion needed to meet the demand for this popular program that helps with the implementation of land management plans that address soil and water quality. Currently, many who apply for this program are turned away because of a lack of funds. Moreover, the Administration's proposal fails to limit the use of EQIP funds for huge factory farms; the current practice effectively subsidizes these industrial operations and pays them to comply with the law.

Conservation Security Program: Under Realized Potential

The President's budget request does ask for increased funding for the Conservation Security Program (CSP), asking for \$316 million for FY2008, up from \$257 million received in the FY2006 appropriations cycle but down from the Administration's own FY2007 request of \$342 million. Primarily due to a lack of funding, the CSP has not been implemented as envisioned and never reached its full potential since initial authorization in the 2002 Farm Bill.

Wetlands Reserve Program Gets A Boost

The Wetlands Reserve Program (WRP) provides a bright spot. The 2002 Farm Bill authorizes NRCS to enroll a total of 2,275,000 acres of restored or protected wetlands in

the WRP. We commend the Administration for requesting \$455 million for WRP in 2008, enough to enroll the annual maximum of 250,000 acres in this important and successful program. This request is an increase of \$264 million over the FY2006 appropriated level and \$191 million over the estimated \$264 million that the program will receive in FY2007.

OTHER AGENCIES:

DEPARTMENT OF TRANSPORTATION

More for Roads, Less for Rail

President Bush's budget proposal for the Department of Transportation is contrary to the goals he laid out in the State of the Union address to reduce oil consumption and address global warming. The administration's budget fails to fully fund transit programs that would promote the expansion of energy-efficient transit options. The budget cuts Amtrak and passenger rail funding by nearly 40 percent, once again setting Amtrak on a track to bankruptcy.

On the Road Again

The lack of adequate funding for energy-efficient transit and passenger rail stands in stark contrast to the president's decision to fully fund road and highway programs. Roads and highways in the US already receive more than five times as much federal funding as transit programs. While cars and trucks are responsible for more than a quarter of US greenhouse-gas emissions and nearly two-thirds of US oil consumption, a recent study found that the existing US public transportation system saves 1.4 billion gallons of gasoline each year. By ignoring energy-efficient transit and passenger rail alternatives, the president's proposal fails to address America's addiction to oil. The president's transportation budget also fails to dedicate specific funding for research into raising automobiles fuel economy standards, further undermining his State of the Union goals.

"New Starts" Stopped

The president's budget sets overall highway spending at \$39.6 billion, which is about \$300 million more than in the FY2007 budget approved by congress. The administration set total transit spending at \$9.4 billion, a cut of \$309 million below the level authorized by Congress in the 2005 Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU). SAFETEA-LU transportation bill. Most of that cut would come from the New Starts program, which provides federal support for transit projects being built by states. The New Starts budget would drop by \$300 million from \$1.7 billion to \$1.4 billion - a cut of nearly 18 percent. This cut would come at the expense of investments in new rail and transit projects authorized under the SAFETEA-LU transportation bill.

US ARMY CORPS OF ENGINEERS

Corps Funding: New Burdens Created by Attacks on Clean Water Act

One might assume that the proposed increase of \$12 million for the Army Corps of Engineers' Regulatory Program (see appendix pp. 930-31) over FY2006 will mean increased protection for America's waters, as the Corps is largely responsible for implementing the portion of the Clean Water Act pertaining to the discharge of dredge and fill material into waters of the US. In fact, the need for new funds was created by a steady assault on clean water protections.

Last year's Supreme Court decision in *Rapanos v. U.S.* has led to a raft of conflicting opinions about which waters are entitled to protection under the Clean Water Act. Accordingly, the head of the Army's Civil Works program explained in the press that that the increase in Corps' funding will be used for increased permit processing as well as enforcement and compliance action precipitated by the Supreme Court's decision.

Clearly the Supreme Court decision will mean more work for the Corps, but it is not clear whether this funding increase will be dedicated to the real needs – conducting site inspections and otherwise investigating how vulnerable waters are important to their watersheds, and therefore can be protected. This is especially true in light of the cut to EPA's clean water program, noted elsewhere in this document, as EPA is the lead agency responsible for determining which waters are protected by the law. But even if the Corps and EPA were fully funded to look at every water body that is threatened with pollution or destruction, it would be no substitute for the clarity and full protection of the nation's waters provided by the bill that has been written to reinstate legal protections for historically-protected water bodies, the Clean Water Authority Restoration Act.

DEPARTMENT OF HOMELAND SECURITY

Chemical Insecurity

According to the EPA, approximately 15,000 facilities across the nation use or store dangerous amounts of chemicals, yet the overwhelming majority of them are not bound by any federal security standards. Last fall, Congress passed an appropriations rider instructing the Department of Homeland Security to develop safeguards for "high risk" plants. In its first meaningful chemical security budget request, however, the Bush administration proposed spending only \$25 million implementing this new program -- less than one-tenth of one percent of the total DHS budget. This inadequate level of funding could limit the scope and effectiveness of the chemical security standards, leaving millions of Americans at risk.

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**The organizations listed above do not necessarily endorse or have expertise on every section of this document. Please refer to the list above for more information on a particular program.*