

THE REPUBLICAN BUDGET: ENERGY

After running up the largest deficit in our nation's history, Congressional Republicans are attempting to appear fiscally responsible by cutting \$6.3 billion in domestic discretionary spending below last year as part of their \$2.6 trillion budget resolution. These cuts are not large enough to have any meaningful effect on the projected \$390 billion budget deficit, but they will cause great harm to millions of Americans. This fact sheet summarizes the effect of the Republican budget cuts on energy.

RISING ENERGY PRICES. The Energy Department's Energy Information Administration expects the price of unleaded regular gasoline to hit a peak national average of \$2.35 a gallon in May and to average \$2.28 from April through September. The Department also stated that gasoline prices will be 38 cents a gallon higher on average this summer than last. This week, finance officials of the G-7, the world's seven richest countries, released a joint statement saying the recent increase in oil prices were a "headwind" to economic growth. And on Friday, Wall Street had its worst single-session loss in nearly two years, which was blamed on investors' fears that rising oil prices could undermine the economic recovery of the United States and other nations. The Bush Treasury Department's undersecretary for international affairs agreed, stating that energy prices were a "drag" on economic growth. Yet, the Republican budget would cut research that could reduce America's dependence on foreign oil by \$137 million, or nearly 6 percent.

ANWR AND ENERGY INDEPENDENCE. Congressional Republicans hope to use their budget resolution to clear the way for drilling in the Alaska National Wildlife Refuge (ANWR). Supporters of drilling claim that it will help reduce America's dependence on foreign energy sources. Yet, the same Republican budget ignores the mix of energy alternatives that are needed to increase America's energy independence.

RENEWABLE ENERGY. Unlike fossil fuels like crude oil, renewables like solar, biomass, geothermal and wind hold the promise of cleaner, endless supplies of energy. For example, according to the Energy Department, wind power plants now operate in 32 states and generate enough power to meet the needs of more than 3 million homes and technological advances are poised to increase the viability of wind power. Yet the Republican budget cuts renewable energy alternatives by almost \$27 million, or more than 7 percent.

NUCLEAR ENERGY. While funding for nuclear energy would receive a small increase – less than 4 percent – Energy Secretary Samuel Bodman testified before the House Energy and Water Appropriation Subcommittee on March 8, 2005 that the Department would not be able to proceed with the next generation of safer nuclear power plants that could help reduce America's reliance on foreign oil.

LIHEAP. The Low-Income Home Energy Assistance Program (LIHEAP) helps low-income Americans meet home energy costs with priority placed upon homes with the needs, especially those that include people with disabilities, the frail elderly or young children. This past winter, natural gas prices increased 44 percent and home heating oil prices 65 percent over the previous winter while the number of households applying for assistance increased 20 percent over roughly the same time. Yet, the Republican budget would cut LIHEAP by \$182 million or 8 percent.

CONSERVATION AND WEATHERIZATION. The U.S. Department of Energy's (DOE) Weatherization Assistance Program (WAP), one of the largest energy conservation programs, helps increase the energy efficiency of an average of 70,000 dwellings occupied by low-income persons in order to reduce their energy consumption and lower their fuel bills. It targets vulnerable groups including the elderly, people with disabilities and families with children. Yet, the Republican budget would cut weatherization assistance by \$3 million.