



Client Note: FY2025, Ready Or Not Here It Comes

President Biden Releases Budget Request

Earlier this week, President Biden [released](#) his budget request (sometimes referred to as “PBR”) for FY2025. The budget release typically coincides with the State of the Union address and is primarily a messaging tool that signals the President’s high-level priorities for the upcoming fiscal year. More granular details on each agency’s plans will come after Congress figures out how it plans to fund the government next week. A few highlights from the \$7.3 trillion budget request:

- DOE’s [Office of Clean Energy Demonstrations](#) would have its funding more than tripled to \$180 billion under the budget request. It was established in 2021 to oversee the \$21.5 billion provided under the IIJA to support and test innovative clean energy projects at scale, ranging from clean hydrogen to microgrids, from solar to carbon management, and everything in between.
- More broadly, the budget would fund DOE with \$51.5 billion, about \$1 billion more than the FY2024 levels recently signed into law. Nuclear energy research and development and its Advanced Research Projects Agency-Energy would see small cuts (10 percent and 4.3 percent, [respectively](#)) under the proposal; while support for carbon dioxide removal and grid deployment would increase above enacted levels by 22 percent and 57 percent, respectively. Carbon capture research would be cut by \$30 million, while Interior funding for renewable energy deployment on public lands would significantly increase by 21 percent.
- USDA would receive nearly \$30 billion (a \$2 billion boost), including \$6 billion (a \$733 million increase) for climate-related funding to promote clean energy in rural areas.
- The EPA would also receive boosts in their funding for addressing PFAS and compliance monitoring.

The President’s budget request for DOE and USDA will be the subject of two hearings in the House next week (see below for more).

Appropriations 101

The appropriations cycle typically kicks off around the first week of February, or soon after the President’s budget request is released. This year’s appropriations process is peculiar because of the overlapping FY24 and FY25 work, which further constrains Congress’s already tight calendar to finish everything before the end of the fiscal year on Sept. 30. For those who want to submit requests for programmatic funding, community development projects (earmarks) or bill/report language, this means the turnaround times for responses to offices will be especially quick, with some deadlines already upon us (more on that below).

There are four types of appropriations requests that Members of Congress will submit to the Committee:

- **Programmatic requests** are for dollar amounts to agencies, offices, or programs (for example: “\$6 billion for the Office of Science” or “highest possible funding for LIHEAP”).
- **Bill language requests** are to add policy provisions to the bill text to restrict, or otherwise direct, the way funding can be used. Often, this is used for poison-pill policy riders (for example: None of the funds made available in this Act may be used to finalize, implement, or enforce the proposed rule entitled “The Enhancement and Standardization of Climate-Related Disclosures for Investors.”) In other cases, bill language may be a benign (or at least bipartisan) change to reflect Congress’s will when a change to the underlying authorization language isn’t likely to happen.
- **Report language requests** are used by the Appropriations Committees to express congressional intent of how funding should be spent and can direct an agency to take some action, often to support oversight of how funds are spent (for example: The Committee directs the Department to provide a report within 120 days of enactment of this Act to the House and Senate Committees on Appropriations on the presence or absence of automatic sprinkler systems in public housing). Hill aides will often get creative with report language requests and transform their boss’s stand alone legislation and priorities into report language. Report language is not binding, but if agencies don’t follow through in a timely manner, they face the ire of appropriators, who ultimately will decide their future funding allocations.
- **Community Project Funding (CPF) or Congressionally Directed Spending (CDS) requests**, both commonly referred to as “earmarks,” are a development of the last few years after being prohibited for roughly a decade. CPFs are for specific community projects that meet requirements established by federal law, Congressional Rules, and the Committee (for example: constructing a new fire station or improving stormwater management in a specific town).

After the President releases the PBR, the Budget Committees set the top-line discretionary spending level, called “302(a) allocations” in Hill-speak (recall, there was a big fight last year that led to the ousting of Speaker McCarthy over this spending level). This typically has a deadline of April 15th. Next, the Appropriations committees set the funding levels for each of the 12 funding bills, called “302(b) allocations” in Hill-speak; and members start taking appropriations requests from the public. Members will open online submission portals for the public to make requests like those mentioned above. It is important to keep an eye out for submission deadlines, as the Committee will set its own internal deadlines by which Members of Congress must abide.

Should this whole process go smoothly in a good year, the public submission portals are open in March/April, appropriations bills are drafted and marked up in May/June, and by July the House, who typically moves first, is bringing its bills to the floor. However, this year will be tricky to predict with the Appropriations committees still locked in the FY24 cycle. At the moment, no guidance has been sent out regarding the timing of the FY25 process, however some members are already accepting public requests and setting tentative deadlines as early as next week.

Senate Finance Holds Hearing Ahead of 2025 Tax Negotiations and 45X Implementation

On Tuesday, the Senate Finance Committee held a [hearing](#) largely focused on tax credits in the IRA, Chips and Science Act, and Tax Cuts and Jobs Act (TCJA), and specifically their impact on the nation’s manufacturing sector. Republicans mostly pushed for the extension of TCJA provisions expiring next year. Republican Senator Mike Crapo (R-ID) specifically called for attaching some of GOP’s desired

TCJA tax credit extensions to the bipartisan tax package which passed the House earlier this year but is stalled in the Senate. Democrats such as Senators Sherrod Brown (D-OH) and Catherine Cortez-Masto (D-NV) issued concerns over Treasury's proposed rule on the IRA's 45X advanced manufacturing tax credit. In particular, Brown expressed concern about it potentially subsidizing products made in China or other adversarial countries, and announced he is working to tighten restrictions on a proposal similar to the "Foreign Entity of Concern" (FEOC) requirement in the 30D EV credit to ensure eligible companies aren't just assembling foreign components domestically but producing them here. Cortez-Masto is seeking to have the costs of mining be included in the 45X Credit calculation – an aspect that's key for the critical mineral projects in her state.

Funding Opportunities

Last week, DOE [announced](#) a \$425 million funding opportunity for small- and medium-sized manufacturers in current and former coal communities. Eligible projects include those re-equipping or expanding an existing manufacturing or recycling facility for the production or recycling of advanced energy and those focused on building or upgrading facilities to substantially reduce GHG emissions or create low carbon materials. Concept papers are due April 8th.

Lastly, see below for next week's deadlines on the following RD&D project funding solicitations:

- Applications for the [\\$4.8 million for innovative distribution system communication technologies](#) are due Monday, March 18th.
- Concept papers for the [\\$83 million to support projects in hard to abate industrial sectors](#) are due Tuesday, March 19th.
- Concept papers for the [\\$9.4 million in support for advanced biofuel production](#) are due Friday, March 22nd.

Pioneer & Clients in the News



Yesterday, [LCV co-hosted](#) a climate-smart agriculture expo on Capitol Hill, where Senate Ag Chairwoman Debbie Stabenow (D-MI), USDA Undersecretary Robert Bonnie, and farmers participating in USDA conservation programs discussed the importance of investing in the upcoming Farm Bill.

[Sweta Chakraborty](#) spoke on a [featured panel](#) at SXSW in Austin yesterday alongside Jane Fonda and David Fenton about Hollywood and Activism.

Next Week: [Hearings to Watch](#)

Monday, March 18th

House Financial Services Subcommittee on Oversight and Investigation

“Victims of Regulatory Overreach: How the SEC’s Climate Disclosure Rule Will Harm Americans”
(10:00 AM EDT), watch [here](#)

Wednesday, March 20th

House Appropriations Subcommittee on Energy and Water Development, and Related Agencies

“Fiscal Year 2025 Budget Request for the Department of Energy”
(10:00 AM EDT), watch [here](#)

Thursday, March 21st

House Agriculture

“The Danger China Poses to American Agriculture”
(11:30 AM EDT), watch [here](#)

House Appropriations Subcommittee on Agriculture, Rural Development, Food and Drug Administration, and Related Agencies

“Fiscal Year 2025 Budget Request for Department of Agriculture”
(10:00 AM EDT), watch [here](#)

Senate Energy and Natural Resources

“Full Committee Hearing to Consider Nominations to the FERC”
(10:00 AM EDT), watch [here](#)

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