

Biomass Crop Assistance Program Fact Sheet



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The Biomass Crop Assistance Program (BCAP), a new program added to the energy title in the 2008 farm bill, was intended to spur development of advanced biofuels derived from non-food and feed crops. The goal was to pay individuals and companies to plant perennial grasses, harvest agricultural residues, collect wood waste, store biomass, and transport these materials to bioenergy facilities. However, due to several implementation problems, the existence of program loopholes, and technological and economic issues with the production of cellulosic biofuels (derived from the aforementioned crops), BCAP has faced serious questions from lawmakers and its funding was cut accordingly.

In the 2008 farm bill, BCAP was authorized to spend an unlimited amount of taxpayer funding from FY08-12; however, Congress limited funding in latter years due to several implementation issues. The 2008 farm bill expired Sept. 30, 2012. However, a one-year retroactive extension passed as part of the Jan. 2013 “fiscal cliff” deal allowed BCAP to receive optional (discretionary) funding through September 30, 2013 (the end of FY13).

Background

BCAP is funded through the energy title of the farm bill. The farm bill, renewed approximately every five years, is a wide ranging piece of legislation that funds everything from nutrition assistance programs and broadband internet to agricultural subsidies for the production of crops such as corn and soybeans. More specifically, the energy title of the farm bill, first introduced in 2002, provides grants, loans, and other subsidies to energy efficiency, biofuels, and bioenergy (heat and power) projects. In total, the 2008 farm bill energy title’s 13 major programs were projected to cost taxpayers \$1.1 billion over five years (FY08-12).¹

Subsidies provided through the energy title go to facilities ranging from universities receiving research and development grants to investigate new uses for biomass sources such as wood and agricultural residues to large, established corn ethanol companies receiving grants for annual production of biofuel. Other energy title projects funded by taxpayers include the collection, storage, harvest, and transportation of biomass sources to bioenergy or biofuels facilities (namely, through BCAP); anaerobic digesters that create heat and power from animal waste; grants and loans to individuals or companies installing ethanol dispensers at gasoline stations or wind, solar, and geothermal systems; and federally backed loan guarantees for so-called next generation biofuels facilities that produce biofuels other than corn ethanol. While intended to support the next generation of biofuels derived from non-food sources and other renewable forms of energy, the farm bill energy title has also spent taxpayer dollars on the mature corn ethanol industry, supporting biomass sources with numerous unintended consequences, and even paying for updates to farmers’ irrigation equipment and grain dryers.

Funding Challenges Due to Glaring Program Loopholes

Initially, the U.S. Department of Agriculture’s Farm Service Agency only implemented the portion of BCAP which paid up to \$45 per ton to collect, harvest, store, or transport biomass materials (called matching payments).² It wasn’t until recently that project areas have been approved to pay farmers or landowners to plant perennial grasses and fast-growing trees to transport to facilities that convert crops to fuel or heat/power. BCAP was projected to cost \$70 million over five years, but since Congress initially allowed a blank check to be written each year from taxpayers, the program checked in at nearly \$500 million over budget just in 2010.³ Worse yet, BCAP failed to incentivize the types of projects its proponents fought for just two years earlier (planting of grasses and trees). Instead, large pulp and paper companies collected nearly all of the taxpayer subsidies by taking advantage of a glaring loophole. Loggers and truckers also pocketed collection and transportation payments by conducting business that they would have been engaged in regardless of BCAP payments. With pressure from Congress and USDA’s own Office of Inspector General, the government halted the matching payment program, limited BCAP expenditures to \$17 million in FY12, and is now only paying farmers to actually plant feedstocks for so-called “next generation” biofuels.⁴

Types of Feedstocks Receiving Taxpayer Funding

The types of crops currently eligible for BCAP subsidies are summarized in Table 1 by project area.⁵ About two-thirds of the 11 approved project areas will grow various perennial grasses, including miscanthus, a tall perennial grass used to produce cellulosic ethanol. The remaining four project areas will produce either camelina, an oilseed crop, for use in biodiesel production or woody biomass (like poplar and willow trees) for use in heating, power, or cellulosic ethanol facilities. Crops or other forms of biomass ineligible for payments include commodity crops that receive traditional farm subsidies such as corn and soybeans, invasive and noxious plants, manure and animal byproducts, municipal solid waste, and algae.⁶

Table 1: Approved Feedstocks for Biomass Crop Assistance Program Funding		
Types of Feedstocks	Number of Projects	States with Approved Project Areas
Perennial grasses and miscanthus	7	Arkansas, Kansas, Missouri, North Carolina, Ohio, Oklahoma, and Pennsylvania
Camelina	2	California, Montana, Oregon and Washington
Woody biomass	2	New York and Oregon
TOTAL	11	

Conclusion

The Biomass Crop Assistance Program has faced several implementation challenges since its introduction in the 2008 farm bill. BCAP has failed to meet its stated goals of spurring production of next-generation bioenergy and biofuels crops and instead came in significantly

over budget while funneling taxpayer dollars to large pulp and paper companies for business activities that they would have engaged in anyway. Both Congress and USDA's own Inspector General have highlighted shortcomings of the program. Questions from independent sources such as the National Research Council have also arisen about the feasibility of second-generation biofuels, such as cellulosic ethanol produced from BCAP-subsidized feedstocks including perennial grasses and woody biomass. For these reasons, BCAP should not be renewed.

For more information, contact Taxpayers for Common Sense at 202-546-8500.

¹ <http://www.nationalaglawcenter.org/assets/crs/RL34130.pdf>

² <http://www.ers.usda.gov/FarmBill/2008/Titles/TitleIXEnergy.htm>

³ <http://sustainableagriculture.net/blog/bcap-boondoggle/>

⁴ <http://www.usda.gov/oig/webdocs/03601-0028-KC.pdf>,

<http://sustainableagriculture.net/publications/grassrootsguide/renewable-energy/biomass-crop-assistance-program/>

⁵ <http://www.fsa.usda.gov/FSA/webapp?area=home&subject=ener&topic=bcap-pjt-bloc>

⁶ <http://www.ers.usda.gov/FarmBill/2008/Titles/TitleIXEnergy.htm#ruralAmerica>