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Trump Administration Initial FY2026 Energy and Water Appropriations Request: In Brief

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Introduction

Energy and Water Development and Related Agencies appropriations (E&W) bills typically include funding for civil works activities of the U.S. Army Corps of Engineers (USACE) in the Department of Defense, in Title I; the Department of the Interior's Bureau of Reclamation (Reclamation) and Central Utah Project (CUP), in Title II; the Department of Energy (DOE), in Title III; and a number of independent agencies, including the Nuclear Regulatory Commission (NRC) and the Appalachian Regional Commission (ARC), in Title IV.

President Trump sent his initial FY2026 appropriations request to Congress on May 2, 2025. The initial submission, sometimes referred to as the "skinny budget," includes broad budgetary outlines, reductions, additions, and initiatives.[1] The total request for all agencies funded by the E&W bill is not specified. The Trump Administration has indicated that a more detailed budget request is to be submitted later in the year.

Funding for E&W agencies could also be affected by actions of the 119th Congress regarding supplemental appropriations and rescissions, as well as by mandatory funding provisions from past and contemplated reconciliation measures. Advance funding for E&W agencies in FY2026 has been appropriated by the Infrastructure Investment and Jobs Act (IIJA; P.L. 117-58). In addition, the budget reconciliation measure commonly referred to as the Inflation Reduction Act of 2022 (IRA; P.L. 117-169) included funding for some E&W agencies to remain available through as long as FY2031.

The budget resolution passed on April 4, 2025 (H.Con.Res. 14) started a budget reconciliation process that could result in rescissions of previous appropriations and changes in mandatory spending. Pursuant to the budget resolution, the House passed a reconciliation bill (H.R. 1) on May 22, 2025. This bill includes rescissions to several programs established and/or funded by the IIJA and the IRA, as well as modification or elimination of certain energy-related tax provisions in the IRA.

Along with IRA and IIJA advance appropriations, FY2025 E&W funding is provided by the Full-Year Continuing Appropriations and Extensions Act, 2025, which was signed by President Trump on March 14, 2025 (Continuing Appropriations Act, P.L. 119-4). The Continuing Appropriations Act provides annual appropriations for FY2025 at the FY2024 level for most E&W programs. For details on E&W programs and FY2025 funding, see CRS Report R48097, *Energy and Water Development: FY2025 Appropriations*, by Mark Holt and Anna E. Normand.

The following sections of this report describe the funding requests for E&W agencies in the Administration's initial FY2026 budget submission to Congress on May 2, 2025.

U.S. Army Corps of Engineers

For USACE, the Administration is requesting $6.7 billion for FY2026, a reduction of $2.0 billion (-23%) from the FY2025 enacted amount. The request states that it would reduce funding for the Harbor Maintenance Trust Fund by $1.1 billion.[2] According to the Administration request, funding for USACE would focus on federal responsibilities, such as ship channel dredging, as

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[1] White House, *The President's FY 2026 Discretionary Budget Request*, May 2, 2025, https://www.whitehouse.gov/omb/information-resources/budget/the-presidents-fy-2026-discretionary-budget-request.

[2] Office of Management and Budget (OMB), "Major Discretionary Funding Changes," May 2, 2025, p. 36, https://www.whitehouse.gov/wp-content/uploads/2025/05/Fiscal-Year-2026-Discretionary-Budget-Request.pdf (hereinafter OMB, "Discretionary Funding Changes").

opposed to nonfederal activities, such as dredging of berths. The request also would eliminate funding for USACE loans and loan guarantees for nonfederal water projects under the Water Infrastructure Finance and Innovation Act (WIFIA; P.L. 113-121, Title V, Subtitle C), a reduction of $7 million. This topline budget request does not specify what other accounts would receive reductions and what activities those reductions would affect. At the House Appropriations Energy and Water Development Subcommittee hearing on May 21, 2025, testimony from the office of the Assistant Secretary of the Army for Civil Works did not provide further details regarding the request.[3]

Bureau of Reclamation

The Administration is requesting $1.2 billion for Reclamation and CUP in FY2026, a reduction of $609 million (-34%) from FY2025. Reclamation manages water storage and delivery projects in 17 western states. The proposed reduction would eliminate funding for activities, such as fish and wildlife habitat restoration, that the request says are unrelated to the agency's core missions.[4]

Department of Energy

The Administration is requesting $45.1 billion for DOE in FY2026, a reduction of $5.1 billion (-10%) from the FY2025 enacted amount. Most of the proposed funding reductions are for energy and science programs. A relatively small reduction is proposed for the National Nuclear Security Administration (NNSA), which is the largest element of the DOE budget. Details are provided in the subsections below.

National Nuclear Security Administration

The Administration is requesting $24 billion for NNSA in FY2026, a reduction of $135 million (-1%) from FY2025. The discretionary request for NNSA also includes $6 billion in "reconciliation resources," for a total of $30 billion in FY2026.[5] NNSA is a semiautonomous DOE agency responsible for nuclear warheads, naval reactors, and nuclear weapons nonproliferation.

Energy Efficiency and Renewable Energy (EERE)

The Administration is requesting $888 million for EERE in FY2026, a reduction of $2.572 billion (-74%) from FY2025. The budget would focus on early-stage research and development to "support technologies that promote firm baseload power and other priorities established in relevant Executive Orders, such as bioenergy," according to the request.[6]

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[3] U.S. Congress, House Appropriations Committee, Energy and Water Development and Related Agencies Subcommittee, *Fiscal Year 2026 Budget Requests for the Army Corps of Engineers (Civil Works) and the Bureau of Reclamation*, 119th Cong., 1st sess., May 21, 2025.

[4] OMB, "Discretionary Funding Changes," p. 28.

[5] OMB, "Discretionary Funding Changes," p. 44, and Testimony of Secretary Christopher Wright, U.S. Department of Energy, before the U.S. House Committee on Appropriations, Energy and Water Development and Related Agencies Subcommittee, *Budget Hearing – U.S. Department of Energy*, 119th Cong., 1st sess., May 7, 2025, p. 5, https://docs.house.gov/meetings/AP/AP10/20250507/118188/HHRG-119-AP10-TTF-WrightC-20250507.pdf. Section 20008 of H.R. 1 would provide $3.24 billion in additional appropriations for NNSA in FY2025.

[6] OMB, "Discretionary Funding Changes," p. 21.

Office of Science

The Administration is requesting $7.092 billion for Science in FY2026, a reduction of $1.148 billion (-14%) from FY2025. According to the Administration request, funding would be reduced for climate change and "Green New Scam research." Funding would be maintained for "priority areas such as high-performance computing, artificial intelligence, quantum information science, fusion, and critical minerals."[7]

The Science program could be affected by recently issued DOE grant policies. On April 11, 2025, DOE announced "updated policies, procedures, and general decision-making criteria for establishing indirect cost rates when awarding grants to IHEs [Institutions of Higher Education]."[8] According to the policy, DOE will no longer use the negotiated indirect cost rate for grants awarded to IHEs; instead, DOE is setting a standardized 15% indirect cost rate for all grant awards to IHEs.[9] A federal lawsuit filed by several affected IHEs cited previously negotiated indirect cost rates ranging up to 62%.[10] Lower indirect cost rates may affect institutions' assessment of conducting research for the Office of Science and may change their willingness to apply for grants in the future.[11]

Separately, policies were issued on May 8, 2025, that also changed the indirect cost rates DOE would pay to state and local governments, nonprofit organizations, and for-profit organizations.[12]

Environmental Management

The Administration is requesting $8.093 billion for Environmental Management (EM), which handles cleanup of radioactive facilities and waste management, in FY2026, a reduction of $389 million (-5%). According to the request, about $178 million of the reduction results from a transfer of management responsibilities for the Savannah River Site in South Carolina from EM to NNSA. The request says EM funding for the Hanford Site in Washington State—the most extensively contaminated DOE site—would remain unchanged; the reduction would be spread among other EM sites.

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[7] OMB, "Discretionary Funding Changes," p. 21.

[8] Department of Energy (DOE), "PF 2025-22 Adjusting Department of Energy Grant Policy for Institutions of Higher Education (IHE)," April 11, 2025, https://www.energy.gov/management/pf-2025-22-adjusting-department-energy-grant-policy-institutions-higher-education-ihe.

[9] For additional information on how federal agencies negotiate indirect cost rates, see CRS Report R48540, *Universities and Indirect Costs for Federally Funded Research*, by Marcy E. Gallo and Laurie Harris.

[10] Association of American Universities et al. v. Department of Energy, U.S. District Court for the District of Massachusetts, April 14, 2025, https://www.aau.edu/sites/default/files/AAU-Files/Key-Issues/Research-Administration-Regulation/legal-filing-DOE-4-14-25.pdf.

[11] For more background, see CRS Report R48540, *Universities and Indirect Costs for Federally Funded Research*, by Marcy E. Gallo and Laurie Harris.

[12] DOE, "PF 2025-25 Adjusting Department of Energy Financial Assistance Policy for State and Local Governments' Financial Assistance Awards," May 8, 2025, https://www.energy.gov/management/pf-2025-25-adjusting-department-energy-financial-assistance-policy-state-and-local; DOE, "PF 2025-26 Adjusting Department of Energy Financial Assistance Policy for Nonprofit Organizations' Financial Assistance Awards," May 8, 2025, https://www.energy.gov/management/pf-2025-26-adjusting-department-energy-financial-assistance-policy-nonprofit; and DOE, PF 2025-27 "Adjusting Department of Energy Financial Assistance Policy for For-Profit Organizations' Financial Assistance Awards," May 8, 2025, https://www.energy.gov/management/pf-2025-27-adjusting-department-energy-financial-assistance-policy-profit-organizations.

Advanced Research Project Agency–Energy (ARPA-E)

The Administration is requesting $200 million for ARPA-E, which supports research on high-risk but potentially transformative technology, in FY2026, a reduction of $260 million (-57%). According to the budget request, this level would reduce funding "to a fiscally responsible level for high risk, high reward research advancing reliable energy technologies and other critical and emerging technologies. Green New Scam technologies are not supported."[13] As discussed above, ARPA-E's research program may be affected by DOE's recent changes to indirect cost rates for IHE grants.

Nuclear Energy

The Administration is requesting $1.277 billion for Nuclear Energy in FY2026, a reduction of $408 million (-24%). According to the request, the budget would reduce "non-essential research" to focus on "developing innovative concepts for nuclear reactors, researching advanced nuclear fuels, and maintaining the capabilities of the Idaho National Laboratory," which is DOE's lead nuclear laboratory.[14]

Fossil Energy

The Administration is requesting $595 million for Fossil Energy in FY2026, a reduction of $270 million (-31%). The request says, "The Budget restores the name and function of the Office of Fossil Energy to its original purpose, which is funding for the research of technologies that could produce an abundance of domestic fossil energy and critical minerals."[15] Under the Biden Administration, the office was called "Fossil Energy and Carbon Management" to reflect a focus on carbon emissions and climate change.

Cancellation of IIJA and IRA Appropriations

The Administration request calls for cancellation of $15.247 billion of IIJA advance appropriations for renewable energy, carbon capture from the air, electric vehicles and batteries, "and other costly technologies burdensome to ratepayers and consumers."[16] It also would cancel funding for carbon dioxide sequestration pipelines and related transportation projects under the Carbon Dioxide Transportation Infrastructure Finance and Innovation Program established by IIJA Section 40304.

Separately, Section 41001 of H.R. 1 would rescind all unobligated balances of IRA appropriations for several DOE programs, including loan programs, power line grants, offshore wind planning, and advanced industrial facility deployment.

Independent Agencies

Funding for six federal regional commissions and authorities (FRCAs) would be eliminated under the President's FY2026 request. FRCAs use appropriations for economic development and energy reliability and security grants in their respective regions.

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[13] OMB, "Discretionary Funding Changes," p. 22.

[14] OMB, "Discretionary Funding Changes," p. 22.

[15] OMB, "Discretionary Funding Changes," p. 22.

[16] OMB, "Discretionary Funding Changes," p. 21.

The FY2025 Continuing Appropriations Act provided funding for seven of the 10 authorized FRCAs: (1) the Appalachian Regional Commission (ARC), (2) the Delta Regional Authority (DRA), (3) the Denali Commission, (4) the Great Lakes Authority (GLA), (5) the Northern Border Regional Commission (NBRC), (6) the Southwest Border Regional Commission (SBRC), and (7) the Southeast Crescent Regional Commission (SCRC).[17] Six of the seven FRCAs that received FY2025 appropriations are considered active.[18] The Continuing Appropriations Act also provided $5 million for the GLA, which was not active as of the date of publication.[19]

Slated for defunding in the FY2026 budget request are the DRA, Denali Commission, GLA, NBRC, SBRC, and SCRC. According to the request, "States and local governments are better positioned to fund and address unique regional and geographic economic development challenges." The appropriations for the largest regional authority in the E&W bill, the ARC, would be reduced from $200 million in FY2025 to $14 million in FY2026, while continuing to use remaining funding, including advance appropriations provided by the IIJA, for grantmaking.[20]

FRCAs have been previously proposed for elimination in presidential budgets, but have continued to receive subsequent appropriations. For instance, in May 2017, during the first Trump Administration, the President's FY2018 Budget proposed closeout budgets (i.e., funding amounts that would be provided only for the purpose of closing down the agencies) for most of the FRCAs and proposed "statutory authority to transfer outstanding grant obligations and associated administrative and oversight responsibilities to the Department of Agriculture." [21] In March 2018, the Consolidated Appropriations Act, 2018 (P.L. 115-141) provided a total of $225.3 million to five of the FRCAs, and the entities continued to operate.[22]

[17] The other three federal regional commissions and authorities (FRCAs) are the Mid-Atlantic Regional Commission (MARC), the Northern Great Plans Regional Authority (NGPRA), and the Southern New England Regional Commission (SNERC). As of the date of publication, MARC, NGPRA, SNERC, and the Great Lakes Authority (GLA) are not active, and none of these have a confirmed federal co-chair. For additional information, see CRS Report R45997, *Federal Regional Commissions and Authorities: Structural Features and Function*.

[18] Each of the six functioning regional commissions and authorities engage in economic development to varying extents, and they address multiple programmatic activities in their respective service areas. These activities may include, but are not limited to, basic infrastructure, energy, ecology/environment and natural resources, workforce, and business development/entrepreneurship. For more information, see CRS In Focus IF11140, *Federal Regional Commissions and Authorities: Overview of Structure and Activities*.

[19] The presidential nomination and Senate confirmation of a federal co-chair is an essential step for the GLA to start operations; as of the date of publication, the President has not nominated a federal co-chair for the GLA. For more information, see CRS In Focus IF11744, *Federal Regional Commissions and Authorities: Authorization*.

[20] OMB, "Discretionary Funding Changes," p. 40.

[21] OMB, *Appendix: Budget of The U.S. Government, Fiscal Year 2018*, May 23, 2017, https://www.govinfo.gov/content/pkg/BUDGET-2018-APP/pdf/BUDGET-2018-APP.pdf.

[22] The Consolidated Appropriations Act, 2018 (P.L. 115-141) provided appropriations for these five FRCAs: the Appalachian Regional Commission (ARC), the Delta Regional Authority, the Denali Commission, the Northern Border Regional Commission, and the Southeast Crescent Regional Commission (SCRC). Amounts provided by P.L. 115-141 for the FRCAs ranged from $250,000 (for the SCRC) to $155 million (for the ARC). P.L. 115-141 did not provide appropriations for the GLA, which had not been established in FY2018, and did not provide appropriations to the Southwest Border Regional Commission, which received inaugural appropriations in FY2021. The President's Budgets for FY2019-FY2021 also proposed closeout budgets (i.e., funding amounts that would be provided only for the purposes of closing down the agencies) for the existing FRCAs except the ARC.

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