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ONE HUNDRED NINETEENTH CONGRESS

# Congress of the United States

## House of Representatives

### COMMITTEE ON ENERGY AND COMMERCE

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WASHINGTON, DC 20515-6115

Majority (202) 225-3641

Minority (202) 225-2927

MAY 17, 2025

#### **MEMORANDUM**

**TO:** Members of the Subcommittee on Environment  
**FROM:** Committee Majority Staff  
**RE:** Hearing entitled, “The Fiscal Year 2026 Environmental Protection Agency Budget”

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#### **I. INTRODUCTION**

On Tuesday, May 20, 2025, at 10:00 a.m. (ET) in 2123 Rayburn House Office Building, the Subcommittee on Environment will hold a hearing entitled, “The Fiscal Year 2026 Environmental Protection Agency Budget.”

#### **II. WITNESS**

- **The Honorable Lee Zeldin, Administrator, U.S. Environmental Protection Agency**

#### **III. BACKGROUND**

##### ***EPA’s Proposed Budget for Fiscal Year 2026***

On May 2, 2025, the Office of Management and Budget released the Trump Administration’s proposed discretionary budget request for fiscal year 2026.<sup>1</sup> Informally known as the “skinny budget,” it seeks \$163 billion in discretionary spending for the federal government, a 22.6 percent reduction from current spending levels.

For EPA, the FY 2026 budget request seeks \$4.2 billion in base discretionary budget authority—a reduction of \$5 billion (- 54.5 percent) from FY 2025 enacted levels. Non-base discretionary funding provided to EPA under the Infrastructure Investment and Jobs Act would

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<sup>1</sup> OFFICE OF MGMT. AND BUDGET, EXEC. OFFICE OF THE PRESIDENT, FISCAL YEAR 2026 DISCRETIONARY BUDGET REQUEST (2025).

remain the same as FY 2025 enacted levels: \$12 billion, including funding provided for EPA's Superfund program. EPA's workforce in FY 2024 was approximately 15,130 FTEs.

### ***Proposed Increases***

The FY 2026 budget request seeks additional funding for the following program areas:

- Drinking Water: + \$9 million. The increase would help EPA to respond to drinking water disasters.
- Indian Reservation Drinking Water Program: + \$27 million. The increase would prioritize funding for Tribes to be able to maintain their water infrastructure.

### ***Proposed Reductions***

The FY 2026 budget request proposes reductions in the following program areas:

- Clean and Drinking Water State Revolving Loan Funds: - \$2,460 million. The reduction would return primary responsibility for funding local water infrastructure projects to states. The budget would provide \$305 million to allow states to adjust to alternative funding sources.
- Categorical Grants: - \$1,006 million. The proposed budget would eliminate 16 (unidentified) categorical grants, shifting to states the responsibility for maintaining these programs and encouraging innovation and efficiency. The proposed budget would maintain funding at FY 2025 levels for Tribes.
- Hazardous Substance Superfund: - \$ 254 million. The proposed budget would shift funding for the Superfund cleanup entirely to tax revenue from the Superfund taxes imposed under the Infrastructure Investment and Jobs Act and Inflation Reduction Act, and litigation recoveries against responsible parties. EPA estimates \$1.6 billion is available in funding from the Superfund tax.
- Office of Research and Development: - \$235 million. The proposed budget would provide \$281 million for statutorily required research in support of EPA's core mission areas.
- Environmental Justice: - \$100 million. The reduction would eliminate funding for environmental justice programs, consistent with Executive Order 14151, "Ending Radical and Wasteful Government DEI Programs and Preferencing," and Executive Order 14173, "Ending Illegal Discrimination and Restoring Merit-Based Opportunity."
- Diesel Emission Reduction Act (DERA) Grants: - \$90 million. The proposed budget would eliminate the program.

- Atmospheric Protection Program: - \$100 million. This would eliminate the Atmospheric Protection Program.

### *Historic Funding Trends*

EPA is operating on a continuing resolution based on FY 2025 discretionary funding levels<sup>2</sup> (with some adjustments). EPA's funding is allocated across several program area accounts.

Account	FY 2024 Enacted <sup>3</sup>	FY 2025 Enacted <sup>4</sup>
Science and Technology	\$758,103,000	\$756,073,000
State and Tribal Assistance Grants	\$4,418,938,000	\$4,380,245,000
Including Clean Water SRF	\$1,638,861,000	\$1,638,861,000
Including Drinking Water SRF	\$1,126,101,000	\$1,126,101,000
Including State and Tribal Assistance	\$1,106,333,000	\$1,106,333,000
Environmental Programs and Management	\$3,178,028,000	\$3,195,028,000
Hazardous Substance Superfund	\$1,075,400,000	\$1,075,400,000
Leaking Underground Storage Tank Trust Fund Program	\$89,214,000	\$89,214,000
Inland Oil Spill Programs	\$20,711,000	\$20,711,000
Buildings and Facilities	\$40,676,000	\$40,676,000
Office of Inspector General	\$43,250,000	\$43,250,000
Water Infrastructure Finance and Innovation Program Account	\$64,634,000	\$64,634,000
<b>Total</b>	<b>\$9,688,954,000</b>	<b>\$9,665,231,000</b>

### *Other Appropriations*

#### The Infrastructure Investment and Jobs Act

<sup>2</sup> Does not include Infrastructure Investment and Jobs Act and Inflation Reduction Act appropriations.

<sup>3</sup> P.L. 118-42, Consolidated Appropriations Act of 2024.

<sup>4</sup> P.L. 119-4, Full-Year Continuing Appropriations and Extensions Act, 2025.

The IIJA appropriated more than \$60 billion to EPA between FY 2022 through FY 2026 for drinking water and wastewater infrastructure projects, environmental cleanup programs, clean school buses, and other emissions reduction programs.<sup>5</sup> Most of this funding is available until expended.<sup>6</sup> On January 13, 2025, the EPA reported it awarded \$30.3 billion (82 percent) of the FY 2022, 2023, and 2024 funds.<sup>7</sup>

### The Inflation Reduction Act

The IRA also appropriated \$41.5 billion to the EPA for programs including air pollution reduction programs, environmental justice programs, a methane emissions reduction program and its fee, and a new Greenhouse Gas Reduction Fund.<sup>8</sup> This funding was available to EPA in FY 2022, with about 85 percent of that total available only through FY 2026.<sup>9</sup> On January 13, 2025, EPA reported it had awarded \$38.4 billion of its IRA funding, or about 93 percent of the funding made available by that law.<sup>10</sup>

### ***Administrator Zeldin's Agenda***

On February 4, 2025, Administrator Zeldin announced an initiative called, “Powering the Great American Comeback.”<sup>11</sup> The initiative is centered around five pillars:

1. Clean Air, Land, and Water for Every American
2. Restore American Energy Dominance
3. Permitting Reform, Cooperative Federalism, and Cross-Agency Partnership
4. Make the United States the Artificial Intelligence Capital of the World
5. Protecting and Bringing Back American Auto Jobs

As part of this initiative, Administrator Zeldin announced on March 12, 2025, a series of 31 regulatory actions that EPA would undertake. These actions include:

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<sup>5</sup> Pub. L. No. 117-58, div. J., tit. VI; *Follow the Money: Oversight of President Biden's Massive Spending Spree: Hearing Before the Subcomm. on Oversight and Investigations of the H. Comm. on Energy and Commerce*, 118th Cong. 24 (2023) (hereinafter *E&C O&I Spending Hearing*) (statement of Sean O'Donnell, Inspector Gen., Env'tl. Prot. Agency).

<sup>6</sup> Pub. L. No. 117-58, div. J., tit. VI; *E&C O&I Spending Hearing*, *supra* note 5, at 24 (statement of Sean O'Donnell, Inspector Gen., Env'tl. Prot. Agency).

<sup>7</sup> ENV'TL PROT. AGENCY, *New Report Celebrates EPA's Unprecedented Successes Under Biden-Harris Administration's Investing in America Agenda* (Jan. 13, 2025), <https://www.epa.gov/newsreleases/new-report-celebrates-epas-unprecedented-successes-under-biden-harris-administrations>.

<sup>8</sup> Pub. L. No. 117-169, tit. V; *E&C O&I Spending Hearing*, *supra* note 5, at 24 (statement of Sean O'Donnell, Inspector Gen., Env'tl. Prot. Agency); CONG. RESEARCH SERV., IN11987, INFLATION REDUCTION ACT OF 2022: U.S. ENVIRONMENTAL PROTECTION AGENCY AND SELECTED OTHER ENVIRONMENTAL PROVISIONS (2022).

<sup>9</sup> *E&C O&I Spending Hearing*, *supra* note 5, at 32 (statement of Sean O'Donnell, Inspector Gen., Env'tl. Prot. Agency).

<sup>10</sup> ENV'TL. PROT. AGENCY, *supra* note 7 (“EPA awarded \$38.4 billion in funds appropriated by IRA—which represents 93% of grant funding made available by the law—including all \$27 billion in Greenhouse Gas Reduction Fund awards.”).

<sup>11</sup> Press Release, Env'tl. Prot. Agency, EPA Administrator Lee Zeldin Announces EPA's “Powering the Great American Comeback” Initiative, Feb. 4, 2025, <https://www.epa.gov/newsreleases/epa-administrator-lee-zeldin-announces-epas-powering-great-american-comeback>.

- Reconsideration of Clean Power Plan 2.0, the Mercury and Air Toxics Standards (MATS), effluent limitations and guidelines (ELGs), and other regulations on power plants.
- Reconsideration of requirements for the Greenhouse Gas Reporting Program.
- Reconsideration of the 2009 Endangerment Finding under the Clean Air Act and regulations and actions that rely on that finding, including light-duty, medium-duty, and heavy-duty vehicle regulations.
- Reconsideration of Particulate Matter National Ambient Air Quality Standards.
- Working with states and tribes to resolve the State Implementation Plans and Tribal Implementation Plans backlogs.

EPA announced a list of 100 environmental actions taken within the first 100 days of the Trump administration.<sup>12</sup> EPA has also announced the review, suspension, or cancellation of more than 400 grants and funding initiatives, including a review of the selection and oversight of recipients for funding under the Greenhouse Gas Reduction Fund established under the Inflation Reduction Act. In the 119<sup>th</sup> Congress, the Committee has also continued its investigation into that program, which has included a hearing with the EPA Office of the Inspector General and the Government Accountability Office,<sup>13</sup> and information requests to recipient organizations.<sup>14</sup>

On May 2, 2025, Administrator Zeldin announced plans to reorganize the Administrator's Office, the Office of Air and Radiation, the Office of Chemical Safety and Pollution Prevention, and the Office of Water.<sup>15</sup>

#### IV. ISSUES

The following issues may be examined at the hearing:

- EPA's budget proposal for Fiscal Year 2026.
- EPA rulemakings and regulatory issues.
- EPA management and operations.

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<sup>12</sup> Press Release, Env'tl. Prot. Agency, EPA Celebrates 100 Days with 100 Environmental Actions, April 30, 2025, <https://bit.ly/43y92v3>.

<sup>13</sup> *Examining the Biden Administration's Energy and Environment Spending Push: Hearing Before the Subcomm. on Oversight and Investigations of the H. Comm. on Energy and Commerce*, 119th Cong. (2025).

<sup>14</sup> E.g., Letter from Brett Guthrie, Chair, H. Comm. on Energy and Commerce, et al. to Richard Kauffman, Chief Exec. Officer, Coalition for Green Capital (Apr. 10, 2025) (requesting information from each recipient in separate letters).

<sup>15</sup> Press Release, Env'tl. Prot. Agency, EPA Announces Next Phase of Organizational Improvements to Better Integrate Science into Agency Offices, Deliver Clean Air, Land, and Water to All Americans, May 2, 2025, <https://www.epa.gov/newsreleases/epa-announces-next-phase-organizational-improvements-better-integrate-science-agency>.

**V. STAFF CONTACTS**

If you have any questions regarding this hearing, please contact Byron Brown, Christen Harsha, Katharine Willey, or Kaitlyn Peterson of the Committee staff at (202) 225-3641.