



## Fiscal Year 2027 President's Budget Request Carbon Management Provisions

### Background

On April 3, the White House released the President's Budget Request for Fiscal Year 2027. The request provides \$53.9 billion for the Department of Energy (DOE), roughly a \$4.8 billion increase over FY2026-enacted levels, particularly for defense-related priorities, and \$4.2 billion for the Environmental Protection Agency, amounting to a 52 percent decrease in funding for the agency compared to FY2026-enacted levels. You can find DOE's full Budget in Brief [here](#), and EPA's Budget in Brief, [here](#).

DOE's budget in brief included plans to realign the internal structure of the Hydrocarbons and Geothermal Energy Office (HGEO) (formerly the Office of Fossil Energy and Carbon Management) following DOE's 2025 reorganization. Moving forward, HGEO will have four main pillars – Subsurface Energy, Strategic Resources, NETL, and Operations. Under the Subsurface Energy pillar, carbon management programs will be administered across the Office of Coal and the Office of Oil and Gas. This realignment represents a shift in federal carbon management policy. While carbon management technologies remain an element of HGEO's purview, their role is reoriented to solely support domestic fossil energy production rather than fulfilling broader clean energy production and emissions reduction priorities.

### Key Takeaways

#### 1. Proposes Eliminating Nearly \$5 Billion in 'Unobligated' Carbon Management Funding Appropriated Under Infrastructure Investment and Jobs Act (IIJA)

The President's full budget request proposes to cancel roughly \$4.6 billion in funding across carbon management programs authorized and appropriated under the IIJA. Programs affected include the Regional Direct Air Capture Hubs, carbon management FEED studies, CarbonSAFE, and Carbon Dioxide Transportation Infrastructure Financing Innovation (CIFIA), among others. While some of this proposed eliminated funding is likely rolled over from project cancellations announced in 2025, it remains pivotal for Impact members to urge Congress to protect and maintain the funding levels for these essential programs.

#### 2. Carbon Management Refocused on Fossil Energy Production

Carbon capture, removal, utilization, transport and storage activities are realigned to support coal, oil, and natural gas systems with particular emphasis on enhanced oil recovery (EOR). The budget makes explicit mention of carbon removal and direct air capture as costly and burdensome to taxpayers.

#### 3. Coal Programs Become Primary Hub for Carbon Capture

Under the reorganization of HGEO, the Office of Coal will lead DOE's carbon capture R&D, with a focus on:

- Point-source carbon capture at coal facilities
- Carbon utilization pathways
- Extending the life and output of coal assets

The budget request reduces emphasis on carbon management as a tool in other sectors.

#### 4. Reduced Emphasis on CO<sub>2</sub> Storage and Removal

The request prioritizes carbon utilization and EOR over long-term storage, with limited focus on:

- Saline geologic storage
- Direct air capture (DAC)

- Carbon dioxide removal (CDR) technologies

This change could have significant implications for the scale, scope, and effectiveness of US carbon management deployment.

### **5. Carbon Management Programs Absorbed into Larger Fossil Energy Priorities**

Existing carbon management federal programs historically administered by the Office of Fossil Energy and Carbon Management (demonstration programs, FEED studies, CarbonSAFE, pilot programs, etc.) are likely to be absorbed into fossil energy programs, reducing clarity of funding accounts and program continuity. The core R&D subaccount activities of ‘carbon capture’, ‘carbon storage’, ‘carbon utilization’, and ‘carbon transport & storage’, are no longer centralized under the ‘Carbon Management Technologies’ funding account but are instead dispersed across program areas.

### **6. Energy Infrastructure Shifts Away from CO<sub>2</sub> Transport Networks**

While oil and gas infrastructure remains a priority, the budget request deemphasizes development of CO<sub>2</sub> transport and storage systems—key enablers of large-scale carbon management deployment.

### **7. Rebalanced and Reframed Federal RD&D Programs**

Increased investment in geothermal energy, mineralization, fossil fuels systems, and more, may compete with carbon management for limited RD&D resources. Carbon management technologies and projects will likely be evaluated based on their ability to enhance energy reliability and reduce production costs.

## **Conclusion**

The President’s Budget Request represents aspirational funding levels across the government from the perspective of the administration. Congress holds the ‘power of the purse’ and is the ultimate decision-maker in providing funding levels for programs and policy priorities at each individual agency. Throughout the remainder of the FY2027 funding cycle, Carbon Capture Impact will remain engaged with members of the House and Senate Appropriations Committees, and congressional leadership to ensure that robust federal funding levels for carbon management programs administered by the Department of Energy and the Environmental Protection Agency remain a bipartisan priority.