WESTERN STATES WATER

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Addressing water needs and strategies for a sustainable future.

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ADMINISTRATION

FY 2027 Budget Proposal

On April 3, the White House released the President's Fiscal Year 2027 (FY 2027) Discretionary Budget Request (PBR).[1] It proposed a 44% increase in discretionary defense funding and a 10% reduction to non-defense programs. The 2026 budget proposed again to unify DOI and Forest Service programs under a new DOI-based U.S. Wildland Fire Service (USWFS). Officially launched without appropriated funds in January 2026, the proposed $6.55B budget includes $3.7B for operations and $2.85B for the suppression reserve fund. USDA's total discretionary budget would drop by $4.9 billion (-19%) to $20.8B. DOI's total would drop by $2.3B (-12.9%) to $15.9B. These numbers are a "notional adjustment" by the Office of Management and Budget (OMB) to shift historical wildland firefighting funds out of the USDA's baseline and into the DOI's baseline to ensure the reported percentage changes accurately reflect the actual proposed budget cuts.

The budget proposed $1B to DOI to restore the Great Salt Lake, improve water flows, and remove toxins. It proposed $1.2B to the Bureau of Reclamation for water, hydropower, and drought management, including $1.11B for Water and Related Resources, $65.4M for the Central Valley Project Restoration Fund, $32M for California Bay-Delta Restoration, and $64M for Policy and Administration. It would eliminate the USGS Ecosystems Mission Area (-$293M) and the Fish and Wildlife Service grants including State and Tribal Wildlife Grants (–$74.4M) and the North American Wetlands Conservation Fund (–$49M).

The budget proposed $9.2B for the Department of Commerce, a 12.2% decrease. This would include $4.45B for the National Oceanic and Atmospheric Administration (NOAA), a 27.8% decrease from FY 2026, to be achieved by terminating educational and habitat grants considered to be "Green New Scam" or diversity, equity, and inclusion (DEI) programs. The PBR proposed for a second time to eliminate the office of Oceanic and Atmospheric Research (OAR). The request would include a 29% decrease for NOAA Operations, Research and Facilities (ORF) across its six offices, including the National Weather Service (NWS) and the National Environmental Satellite, Data and Information Service (NESDIS)

The budget proposed to streamline permitting under the Endangered Species Act (ESA) and Marine Mammal Protection Act (MMPA) by moving responsibilities from NOAA into the U.S. Fish and Wildlife Service (FWS). The FWS Resource Management budget would be $1.12B, including $251.6M for Ecological Services (covering listing, planning, conservation, and recovery.)

The FY 2027 budget proposed $18.8B for the National Aeronautics and Space Administration (NASA), representing a $5.6B decrease from FY 2026 (-23%). The Science Program would receive $3.89B, from which $1.02B would be allocated to Earth Science, which houses Landsat. The budget proposed a phased transition of the Landsat program to a commercial solution, and the development of one final government satellite. To support this commercialization strategy, Sustainable Land Imaging projects would be funded at $109M, and Landsat 9 operations at $3.1M. Additionally, the budget allocates $107.7M to the Applied and Responsive Earth Science program to support initiatives such as EarthRISE and OpenET.

The Department of Energy (DOE) would be funded at $53.91B, including an expansion of a 2026 joint effort in Energy-Water Security with DOE (+$75M) and the National Science Foundation (+$100M) to develop solutions "tailored to drought-prone basins and energy-intensive regions" to secure water resources and modernize infrastructure. As part of a new $3.5B "Baseload Power" initiative, $500M was requested for Hydropower Activities, intended to "uprate" 12 to 15 federal hydropower projects. Within the Office of Critical Minerals and Energy Innovation, the "Hydropower & Hydrokinetic"

research budget would see a $95M reduction (-43%), bringing funding down to $125M.

The budget proposed $4.2B for the Environmental Protection Agency (EPA) (-52%). Environmental Programs & Management would be funded at $2.5B. State and Tribal Assistance Grants (STAG) would be funded at $748M, including $155M for the Clean Water State Revolving Fund (CWSRF), $150M the Drinking Water State Revolving Fund (DWSRF), and $31M for the Indian Reservation Drinking Water Program. The PBR reads: “States should be responsible for funding their own water infrastructure projects… The SRF programs have also been heavily earmarked by the Congress for projects that are ultimately not repaid into the program and bypass States’ interests and planning. The SRFs also received a massive investment through the Infrastructure Investment and Jobs Act (IIJA). The Budget proposes to prevent waste and return the SRFs to their intended structure of funds revolving at the State level by saving the taxpayer over $2.5B.”

The budget proposed a 91% decrease to Categorical Grants under STAG, reducing the total budget from $1.11B to $100.8M. The administration's rationale for this $1.01B cut is that these grants have become a “crutch” for states. Because most environmental statutes have been established for several decades, the budget asserts that state and local governments should now be capable of funding and operating their own programs to comply with the law. The Underground Injection Control (UIC) grant would receive static funding at $12.3M. Science & Technology (S&T) would be funded at $508.4M. The Water Infrastructure Finance & Innovation Program (WIFIA) would be funded at $7.8M. The budget proposed to provide $1.7M for the new Good Samaritan Mine Remediation Fund.

ADMINISTRATION/WATER QUALITY

EPA/State Revolving Funds

On April 8, EPA Assistant Administrator for Water Jess Kramer helped recognize 48 water infrastructure projects for excellence and innovation.[2] Each project, financed in part by state revolving fund (SRF) programs, demonstrated the importance of water infrastructure for supporting healthy Americans and laying a foundation of economic prosperity.

EPA’s AQUARIUS Award program celebrates drinking water projects financed in part by DWSRFs that are innovative, resilient, and protect public health. The City of Antioch, California won the award for Excellence in Infrastructure Designed for the Future for its Brackish Water Desalination Project. To combat high salt levels in the San Joaquin River during droughts, the city used a $60M DWSRF loan to finance a brackish desalination plant. As the Delta’s first brackish desalination plant, it provides a replicable model for drought resiliency, drastically reducing the city's reliance on expensive purchased water.

Three projects in western states were honored as Exceptional Projects under the 2026 George F. Ames PISCES Recognition Program for their clean water infrastructure improvements financed by CWSRFs. In New Mexico, the City of Roswell received $1.04M in CWSRF financing through an innovative EPA-FEMA Memorandum of Understanding to swiftly conduct emergency sewer repairs after historic flooding caused raw sewage to spill into the Hondo River. In Washington, the Lummi Tribal Sewer and Water District utilized a $15M CWSRF loan to modernize the aging Gooseberry Point Wastewater Treatment Plant, adding a reliable activated sludge process and an effluent pump station to overcome hydraulic constraints, end frequent permit exceedances, and protect vital commercial and Tribal shellfish beds. Finally, in California, the City of Escondido was recognized for using a $45M CWSRF loan to construct a Membrane Filtration Reverse Osmosis facility that produces high-quality, Title 22-compliant recycled water for agricultural and landscape irrigation, significantly reducing the city's reliance on imported potable water during droughts.

EPA also recognized state SRF programs through the new State Excellence Recognition Program, which celebrates high-performing state SRF programs that demonstrate outstanding financial and program management and effective delivery of assistance across both the CWSRF and DWSRF. Three state SRF programs were recognized, including the CWSRF program at the Oklahoma Water Resources Board, for exceptional overall program performance to protect public health and the environment.

Kramer said: “Across the country, states are putting [SRF] resources to work in ways that deliver real, lasting benefits for communities by modernizing aging systems, strengthening resilience, and ensuring families can rely on safe, clean water every day. These projects show that when we pair federal investment with state leadership, we can protect human health, support local economies, and reach communities that have too often been left behind.”

EPA/Technical Assistance

On April 13, the EPA announced the availability of $30M in grant funding, as part of the agency's RealWaterTA Initiative.[3] This newly available funding supports technical assistance and training to benefit small drinking water and wastewater systems and to help private well owners improve drinking water quality through services, such as engineering and design expertise, operational support, workforce development, and financial management. Eligible applicants for this grant opportunity are nonprofit organizations, nonprofit private universities and colleges, and public institutions of higher education. EPA anticipates that up to five awards will be made, totaling up to $30.7M in federal funds.

These grants provide training and technical assistance to small public water systems and private well owners to support compliance with the Safe Drinking Water Act, build managerial and financial capacity, and improve local drinking water quality. The application period for these competitive grants will be open until May 13, 2026 on Grants.gov. (Funding opportunity number: EPA-OW-OGWDW-26-01)

WATER RESOURCES

Reclamation/Colorado River

On April 17, the Bureau of Reclamation announced it will release up to one million acre-feet (MAF) of water from Flaming Gorge Reservoir to replenish Lake Powell.[4] At the same time, annual water releases from Lake Powell to Lake Mead downstream will be reduced from 7.48 MAF to 6.0 MAF through September 2026. Together, these actions are expected to raise Lake Powell's elevation by approximately 54 feet, to at least 3,500 feet, by April 2026. Interior Secretary Doug Burgum has been coordinating the response with governors from all seven Colorado River Basin states.

Long-term drought has reduced Colorado River system storage to about 36% of capacity. This spring, the lowest snowpack on record combined with record-breaking March heat accelerated the decline. Lake Powell's projected inflow for the water year is just 29% of the historical average, and among the lowest on record. Without intervention, federal projections show Lake Powell could fall below 3,490 feet by August 2026. If Glen Canyon Dam declines below 3,490 feet, water releases would be only through the river outlet works, which could cause operational issues, uncertainty for users, downstream impacts, instability in regional power and water supplies, and a reduction in power generation.

Flaming Gorge Reservoir now holds about 3.1 MAF of water, which is 83% full. These actions are expected to lower the reservoir's elevation by roughly 35 feet over the next year to approximately 59% of capacity. This will have no immediate effect on contracted water rights at Flaming Gorge or Lake Powell. Reclamation acknowledged that the reductions will cause Lake Mead to decline faster, with the potential for up to a 40% reduction in Hoover Dam's power generating capacity by this fall.

Secretary Burgum said: "I am grateful for the Governors and their teams working diligently to find a solution to the complex challenges created by these unprecedented drought conditions which require immediate action."

Assistant Secretary of Water and Science, Andrea Travnicek said: "Given the severity of the risks facing the Colorado River system, it is imperative that we take action quickly to protect a resource that supplies water to 40 million people and supports vital agricultural, hydropower production, tribal, wildlife, and recreational uses across the region. As we weigh current conditions and prepare for future operations by working with states, tribal nations and stakeholders, the Department of the Interior and Reclamation remain fully committed to taking the actions necessary to reduce impacts on water deliveries, safeguard critical infrastructure, and preserve as much operational flexibility as possible."

The Basin States, Tribes, and partners continue to provide feedback on the proposed releases and a final decision will be released next week.

WESTERN GOVERNORS

Arizona

On April 13, Arizona Governor Katie Hobbs (D) vetoed three water bills that she said would have obstructed or distracted from meaningful solutions.[5] HB 2031, which would have extended the legal deadline for property owners in the Willcox Active Management Area (AMA) to claim grandfathered groundwater

rights from a 15-month window to 27 months. Governor Hobbs said: “Water users in the Wilcox groundwater basin have been aware of formal AMA discussions since October 23, 2024. This bill…. Threatens to create additional confusion and deprive water users of receiving their water rights by an additional year.”

Governor Hobbs issued a joint veto letter for HB 2102 and HB 2103. HB 2102 would have authorized county boards to establish special domestic water improvement districts in rural areas, expanded the definition of “waterworks” to include filling stations for water hauling, granted districts eminent domain to acquire land for a single well and its associated standpipe, allowed districts to fund these projects through bonds and assessments on the properties that would benefit. HB 2103 would have expanded Arizona’s water improvements program to provide financial assistance for water hauling and the installation of storage tanks for residential properties.

“Making statutory tweaks to emphasize water hauling as the solution to rural Arizona’s water challenges is an insult to rural communities that are fighting for meaningful reforms to secure their water for future generations.”

On March 6, the Arizona Water Company was named the first water provider to receive a 100-year designation in the Pinal AMA in more than 20 years, and the second utility to use the new Alternative Pathway to Designation of Assured Water Supply (ADAWS) to achieve a designation. Hobbs said: “This ADAWS Designation is a critical step to building homes, growing our economy, and protecting our water for generations…. Pinal County has waited a decade for water solutions like this one, and today we are proving that Arizona has what it takes to conquer our water challenges and deliver real results for our communities.”

Kansas

On April 14, seven communities in Kansas received over $11M in federal grants and loans through the U.S. Department of Agriculture (USDA) Water and Waste Disposal Loan and Grant Program, which funds water infrastructure that “directly benefits the health, economic vitality and environment of Rural America.”[6] Notable projects included: (1) the City of Mankato ($813,000 grant and $3.7M loan) to assist with their Phase II Water Project, including installation of approximately 22,000 linear feet of water mains, 173 service connections with domestic water meters, 28 fire hydrants, 2-inch commercial water meters, a new water tower, and a new chlorination building; (2) the City of Linn Valley ($1M grant and $3.5M loan) to install a water transmission line from the City of La Cygne and distribution lines and meters throughout Linn Valley, as well as construct a 250,000-gallon elevated water storage tank; (3) the City of Toronto ($622,000 grant and $211,000 loan) to construct approximately 41,000 linear feet of water line pipes, including 74 gate valves, 28 fire hydrants, 170 water meter assemblies, and interior and exterior coating of the existing water tower.

USDA Rural Development Kansas State Director, Gimmie Jo Jansonius said: “Upgrading the infrastructure for community water systems will improve public health and drive economic development in our small towns and cities. USDA and the Trump Administration are dedicated to rural communities through long-term commitments to economic prosperity; because when rural America prospers, all of America prospers.”

On March 23, Governor Laura Kelly and the Kansas Water Office announced more than $19M will be awarded to 44 water-related communities and special districts across Kansas. These programs provide funding for water projects, technical assistance, and loan assistance to small communities.

Governor Kelly said: “We're addressing pressing water issues now to ensure a safe and resilient water supply for generations of Kansans to come. This crucial funding has already made a significant impact across the state, and this new round of grants makes progress toward meeting the water needs of Kansas communities.”

Kansas Water Office Director, Connie Owen said: “Water is a vital resource, and this funding ensures adequate water quality and quantity across the states. The program helps build more resilient communities.”[7]

Nebraska

On March 25, Governor Jim Pillen's (R-NE) Water Quality and Quantity Task Force presented a report outlining key recommendations to protect and strengthen Nebraska's water resources statewide.[8] The Task Force recommended 14 goals, which aim to: (1) expand water measurement and storage

opportunities for both groundwater and surface water; (2) develop strategies to support large water users and continued economic growth; (3) improve nitrogen fertilizer and irrigation management through better technology, soil health practices, and producer education to reduce nitrate leaching and protect groundwater; (4) develop consistent statewide education and outreach materials on water quality, quantity, and public health; (5) expand access to safe drinking water for both public and private well owners and regionalizing rural water systems; and (6) establish a centralized clearinghouse to inventory, prioritize, and identify sustainable funding models for priority water projects across the State.

Jesse Bradley, Director of the Department of Water, Energy, and Environment and a member of the Task Force said, “I greatly appreciate the governor’s leadership in establishing the Task Force last year. The goals and actions that have been developed through this effort will serve to sharpen our focus on these important water quality and quantity outcomes and we are excited to get to work on implementation.”

MEETINGS

WestFAST Webinar

On April 15, WestFAST hosted a recorded webinar on Energy-Water Interdependence and Data Center Growth. Charles Scaife, a hydrologist from the U.S. Department of Energy (DOE) introduced the new Energy, Water Resources (EWR) Program, which grew out of recognizing that challenges in hydropower intersect with broader energy and water resources. Scaife leads a multidisciplinary team spanning expertise from water quality to social sciences and emphasizes the core principle that energy cannot be unleashed without water, making the two systems intricately tied. The program sits within the Office of Critical Minerals and Energy Innovation, under the Hydropower and Hydrokinetic Office, and seeks to capitalize on recent momentum around the energy-water nexus.

The EWR Program focuses on three key challenges: (1) the uncertain security of energy and water resources; (2) the need for enhanced reliability through coordinated systems, and (3) the inherently regional and unique nature of challenges and solutions. To address this, the program focuses on two areas: developing technology solutions and models, and deploying regional pilots to test innovation and ensure it meets on-the-ground needs through cross-sector collaboration. Key activities include preparing a National Academies consensus study on regional pilots, establishing a National Laboratory consortium, and conducting a White Paper call on energy-water nexus challenges.

Scaife talked about data centers, noting the "AI boom" creates a tension between fueling regional economic development and constraining local energy and water supplies. Data centers require electricity for cooling systems and their water usage is often poorly understood, limiting decision-making capacity. A successful National Lab White Paper call identified co-optimization for rapid expansion as the main focus area for data centers, addressing compounding resource uses and planning disparities. Success in this space must be measured at the basin scale (watershed or “energy shed”), not just at individual industrial sites, with key stakeholders including operators, R&D entities, and critical energy and water utilities.

To illustrate their recent work, Scaife presented the Pacific Northwest National Laboratory (PNNL) Sankey project, which creates Sankey diagrams to map energy-water connections. This tool is being applied in Metropolitan Atlanta to help with decisions like data center siting and to manage water and energy demand through coordinated resource management. This is particularly important given the 222% increase in data center inventory and Atlanta's history of severe droughts. The diagrams map the interdependencies between energy and water flows, allowing stakeholders to analyze potential pinch points under future drought or development scenarios. In the Q&A, WSWC staff noted that Western states are struggling to get sufficient water needs data from data centers for future planning, a concern Charles Scaife validated, confirming that state agencies must be an integral part of the conversation.

The second WestFAST webinar of 2026 will be held on Thursday, May 7 at 11AM MST. Mary Ann Dickinson, policy director of Land and Water for the Lincoln Institute of Land policy will lead the webinar, which will also focus on water issues with data centers. This is a public webinar and no registration is required. Please visit westernstateswater.org/upcoming-westfast-webinars/.

Dickinson works on better integrating land and water policy in the United States and globally. Prior to joining the Lincoln Institute, she was the founder and president/CEO for 15 years of the Alliance for Water Efficiency, a nonprofit organization dedicated to promoting the efficient and sustainable use of water in the US and Canada. A graduate of the University of Connecticut with a degree in environmental planning and master's coursework in environmental management, Mary Ann has authored numerous publications on water conservation, land use planning, and natural resources management; spoken at over 50 national and international conferences; and co-produced two films that have aired on public television and community cable stations.

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