

Update on Federal Funding for Public Education

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Federal Reconciliation Bill

- The “One Big Beautiful Bill Act” was signed into law on July 4, 2025.
- Reduced enrollment in Medicaid and the Supplemental Nutrition Assistance Program (SNAP) could have a long-term impact on public schools in several ways:
 - Medicaid changes could impact approximately \$96.1 million in federal payments for student services.
 - SNAP changes could impact approximately \$163.1 million in federal reimbursements for school meals and snacks.
 - Changes to both programs could impact \$306.6 million in at-risk index distributions in the state equalization guarantee.
 - SNAP changes could impact \$153.4 million in federal Title I-A funding.
- Fiscal impact will ultimately depend on legislative and agency actions.

Federal Funds Withholding

- Elementary and Secondary Education (ESEA) funding is typically released on July 1 to allow for summer programming and budget preparations for the school year.
- The United States Department of Education notified states on June 30, 2025, it was withholding \$6.8 billion in FY25 funding for the following programs:
 - Title I-C: Migrant Education
 - Title II-A: Supporting Effective Instruction
 - Title III-A: English Language Acquisition
 - Title IV-A: Student Support and Academic Enrichment
 - Title IV-B: 21st Century Community Learning Centers
- On July 25, the federal government announced the completion of a programmatic review and indicated it would release the funding for each program.

ESEA Federal Funds Withholding Cont.

- The potential loss of ESEA funding could have impacted programming and employees at PED and local educational agencies (LEAs).

Allocations		Approximate number of PED positions	Approximate number of LEA positions
Title I-C	\$1,004,200	0.75	5.48
Title II-A	\$18,006,586	4.20	74.32
Title III-A	\$5,832,083	0.75	20.42
Title IV-A	\$10,175,039	4.00	75.82
Title IV-B	\$9,758,185	0.00	0.00
Total	\$44,776,093	9.70	176.04

Source: PED

- The Public Education Department (PED) had limited mechanisms in how it could respond to the potential fluctuations in federal funding.

Revised Guidance for Federal Public Benefits

- The U.S. Department of Education and the U.S. Department of Health and Human Services revised their interpretation of the Personal Responsibility and Work Opportunity Reconciliation Act's definition of "federal public benefit."
- The guidance could prohibit "non-qualified aliens" from accessing some Head Start programs, adult education, postsecondary career and technical education (CTE) programs, dual-enrollment, and early college programs.
- Implementation has been paused but interagency collaboration will be required to assess the potential impact on programs and services.

Other Notable Updates

- The administration has announced the U.S. Department of Labor will take on a greater role in administering federally funded adult education, family literacy, and CTE programs.
- Congress has begun the annual appropriations process.
- Additional discretionary budget authority for federal public education programs will require Congress to pass a budget or a continuing resolution by September 30, 2025.
- Additional reconciliation and rescission packages are possible during the 119th Congress.

Questions?