

Education Update

Federal Funding Stabilization and Affordability Subcommittee

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Agenda

- Provide an update on recent federal actions affecting kindergarten through grade 12 (K-12) education.
- Distinguish enacted changes from proposals, litigation, and uncertainty.
- Identify New Mexico-specific areas to monitor for fiscal and policy impacts.
- Frame issues for future committee discussion.

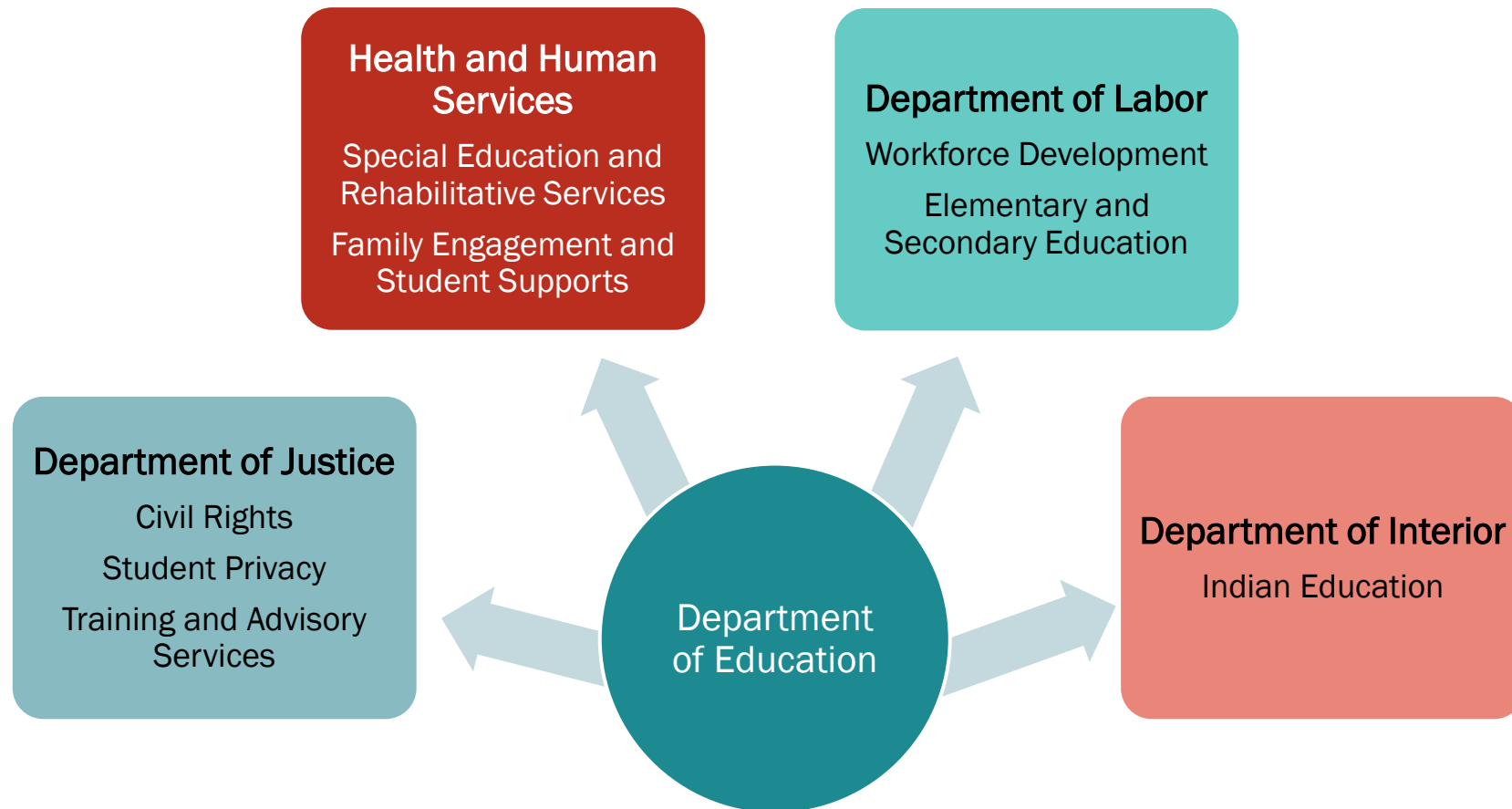
Key Takeaways

- The U.S. Department of Education (ED) has not been completely eliminated.
 - Congress would need to act to abolish the department or repeal major K-12 federal statutes.
- However, the federal role is changing through executive action, staffing reductions, interagency agreements, grant decisions, and proposed budget changes.
- New Mexico's most immediate risks are not from one single change, but from uncertainty around federal funding stability, program administration, and future appropriations.

What Has Changed

- Federal agencies are moving toward a smaller and more decentralized federal education role.
- ED has entered interagency agreements to shift administration of some programs or functions to other federal agencies.
 - As of mid-June 2026, ED announced 14 interagency agreements with six federal agencies.
- Federal guidance has emphasized state and local flexibility, including transferability, waivers, and rural flexibility.
- Some competitive grants have been terminated, paused, rebid, or litigated.
- FY27 federal budget proposals include significant K-12 reductions, though those are not yet enacted.

K-12 Interagency Agreements



What Has Not Changed

- Major formula programs, including Title I and IDEA, still exist.
- States and local education agencies (LEAs) still have federal compliance obligations tied to federal funds.
- Federal civil rights laws, special education requirements, assessment requirements, and fiscal rules still apply unless changed by Congress or courts.
- Most FY26 K-12 federal funding was largely maintained compared with recent prior-year levels.
- New Mexico LEAs should not assume federal requirements or funding streams have disappeared.

New Mexico Federal Funding

- K-12 federal funding sources in New Mexico total about \$630 million annually.

Federal Funding Stream	2025 Distributions	Estimated Distributions for 2026
Title I-A (Low-Income)	\$ 153,539,374.00	\$ 154,927,659.00
Title I-B (Assessments)	\$ 4,298,636.00	\$ 4,298,636.00
Title I-C (Migrant)	\$ 1,015,357.00	\$ 1,106,365.00
Title I-D (Neglected & Delinquent)	\$ 345,952.00	\$ 348,490.00
Title II-A (Professional Learning)	\$ 17,391,117.00	\$ 16,314,073.00
Title III-A (English Learners)	\$ 5,605,972.00	\$ 5,647,758.00
Title IV-A (Student Support)	\$ 10,760,457.00	\$ 11,179,291.00
Title IV-B (21st Century Learning Centers)	\$ 10,311,083.00	\$ 10,687,110.00
Title V-B (Rural Education)	\$ 982,919.00	\$ 1,005,261.00
IDEA-B Entitlement (Special Education)	\$ 108,763,942.00	\$ 108,901,679.00
Carl Perkins (CTE)	\$ 10,495,447.00	\$ 10,483,958.00
School Meals	\$ 202,510,000.00	\$ 202,510,000.00
Title VII (Impact Aid)	\$ 106,820,825.00	\$ 103,018,487.00
TOTAL OF PRIMARY FUNDING SOURCES	\$ 632,841,081.00	\$ 630,428,767.00

Source: U.S. Department of Education State Tables

Federal Budget Picture

- FY26: Congress largely maintained major K-12 education funding streams.
- FY27: House proposals would reduce overall ED funding and include K-12 reductions by about 10 percent overall.
- Proposed FY27 reductions include a significant cut to Title I and elimination or consolidation of some smaller programs.
- Proposed increases or protections include some IDEA funding, charter schools, Perkins, literacy, and 21st Century Community Learning Centers.
- These proposals are not final; the Senate process and final appropriations outcome are not yet determined.

Federal Issues to Watch

- Recent federal actions may not immediately change core formula funding, but could affect how federal education programs are administered, prioritized, and accessed.
- Key areas to monitor include:
 - **Federal flexibility:** New guidance encourages states and districts to use existing waiver and transferability options, which may create opportunities but also require careful state oversight.
 - **Grant stability:** Competitive grants are more vulnerable to cancellation, rebidding, shifting priorities, or litigation than major formula programs.
 - **Program administration:** Interagency agreements and federal staffing changes could affect communication, technical assistance, oversight, and timelines.
 - **School choice:** A new federal tax credit scholarship program beginning in 2027.
 - **Equity and compliance:** Even where flexibility increases, federal civil rights, special education, assessment, and fiscal requirements generally remain in place.
- New Mexico may need to track both fiscal exposure and implementation risks, especially for programs serving low-income students, students with disabilities, English learners, Native American students, rural districts, and students receiving school-based supports.

Considerations

- Which federal funds are most essential to current state priorities and statutory commitments?
- Which programs would be hardest for the state to backfill?
- Are certain districts more exposed because of levels of poverty, disability services, English learner enrollment, tribal land, rurality, or reliance on school meal reimbursements?
- What federal changes should PED, DFA, LFC, and LESC track?
- Should the state prepare contingency plans for delayed funds, reduced funds, or administrative changes?
- **What information do lawmakers need before the 2027 session?**

Questions?