

Education Update

Federal Funding Stabilization and Affordability Subcommittee

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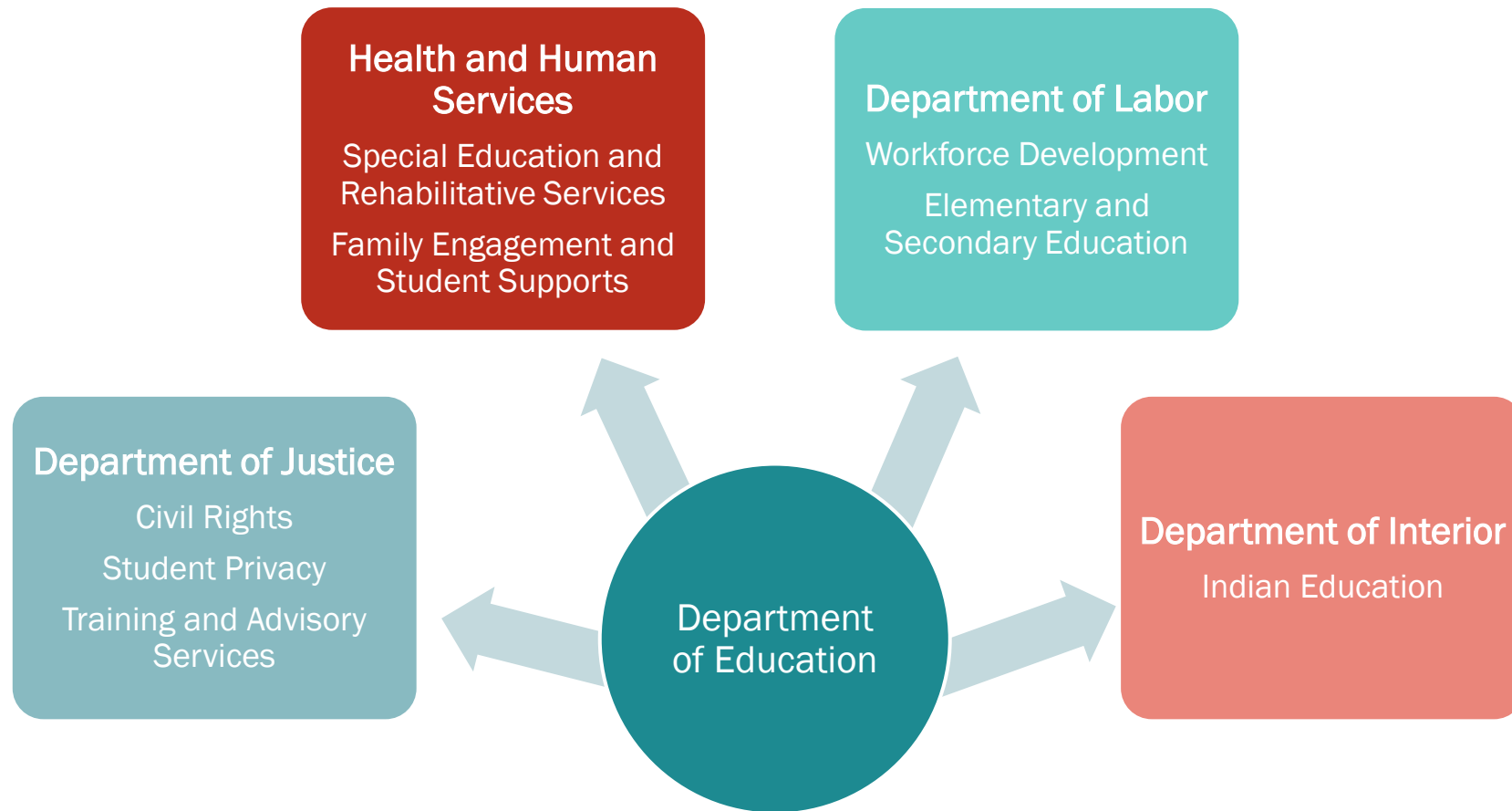
Key Takeaways

- 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 \$633 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.

Recent Updates

■ Defend the Spend

- ED sent a memo October 1 requiring additional written justification for spending awarded funds.
- Grantees must submit an explanation of up to 255 characters explaining the purpose and planned use of requested funds.
- PED staff has indicated the department is supporting school districts and charter schools to meet new requirements

Recent Updates, continued

- Returning Education to the States
 - Seven more states have received waivers allowing them to consolidate or use certain federal funds more flexibly.
 - That is in addition to the three previously reported in June.
 - In total, the seven states can consolidate \$123 million in federal funding.
 - New Mexico has not applied for a waiver.

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.

Higher Education Impacts

- The administration announced in late September pocket rescissions of \$810 million, including \$25 million (of \$52 million appropriated by Congress) for Special Programs for Migrant Students.
 - New Mexico State University (NMSU) received emergency state funding for its College Assistance Migrant Program (CAMP) after its federal grant was canceled last fall. The Legislature also appropriated funds to NMSU during the 2026 session.
 - The University of New Mexico and Northern New Mexico College also had CAMP grants canceled.
 - All three reapplied this summer but did not receive funding.

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 school districts and charter schools 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?