

# 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.
- The bill will impact public schools through changes to Medicaid and the Supplemental Nutrition Assistance Program (SNAP) that reduce New Mexico’s Medicaid enrollment by at least 88,530 and SNAP enrollment by 58,180.
  - 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.
- Fiscal impact will ultimately depend on legislative and agency actions.

# ESEA Federal Funds Withholding

- The United States Department of Education notified states on June 30, 2025, it was reviewing \$6.8 billion in FY26 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: 21<sup>st</sup> Century Community Learning Centers\*
- The Public Education Department (PED) notified school districts and charter schools of local carryover funds that may still be available to fulfill reimbursement requests pending the release of additional federal funding.
- Title IV-B funding was released on July 21, with additional requirements.

# ESEA Federal Funds Withholding Cont.

- The potential loss of funding could impact programming and employees at PED and local education agencies (LEAs).

Allocations Not Received		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
<b>Total</b>	<b>\$44,776,093</b>	<b>9.70</b>	<b>176.04</b>

Source: PED

- New Mexico is one of 25 states joining a lawsuit challenging the administration's withholding of the 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.
- LESC staff will collaborate with agencies in assessing the potential impact of the federal government's changes in interpretation.

# Other Notable Updates

- The administration has announced the 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.
- Public Law No: 119-4 funds the government at Fiscal Year 2024 levels through September 30, 2025.
- 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.

# Staff Takeaways

- Strengthening agency capacity, inter-agency collaboration, and data governance remains critical.
- Long-term strategic planning could be a tool in strengthening local capacity to respond to changes in resources.
- Flexible contingency funding could be a tool in preventing programmatic and personnel disruptions.
- Legislative response to federal actions could include investments that are flexible, targeted, and multi-year.

# Questions?