



Federal Funding Update

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Federal Funding Updates – Preface

- ADE received a notice (as with all states) indicating the following from the United States Department of Education (or shared through other respective parties):
 - “Given the change in Administrations, the Department is reviewing the FY 2025 funding for the [Title I-C, II-A, III-A, IV-A, IV-B] grant program(s), and decisions have not yet been made concerning submissions and awards for this upcoming academic year. Accordingly, the Department will not be issuing Grant Award Notifications obligating funds for these programs on July 1 prior to completing that review. The Department remains committed to ensuring taxpayer resources are spent in accordance with the President’s priorities and the Department’s statutory responsibilities.”

Federal Funding Updates – Affected Grants

- Title I-C (Migrant)
- Title II-A (ESEA Consolidated)
- Title III-A (English Learner)
- Title IV-A (ESEA Consolidated)
- Title IV-B (21st Century, CCLC)
- Title II Adult Education and Family Literacy Act
 - This item came in a separate notification shortly after the first notice on the prior slide

Federal Funding Updates – What Was Expected

- FY 2024 (state FY 2025) Appropriations Bill outlined that funds shall become available on July 1, 2024, and remain available through September 30, 2025
- Continuing Appropriations and Extensions Act, passed March 15, 2025, states:
 - *Advance appropriations are provided in the same amount for fiscal year 2026 or 2027, respectively, with a comparable period of availability*

Federal Funding Updates – Where It Is Now

- All affected federal program agencies are waiting for the Office of Management and Budget (OMB) to release the funds, or in some cases, even provide states with their allocated amounts
- Once Congress has passed appropriations bills (or a final Continuing Resolution for a full fiscal year) and they become law, OMB is responsible for apportioning the funds to the various federal agencies.
 - OMB subdivides the total budget authority provided to agencies by Congress, often by time period, program, project, or activity.
- However, it is sitting at this time with OMB due to the notice earlier

Federal Funding Updates – Where It Is Now (continued)

- This process of holding funds is referred to as impoundment
 - See the Impoundment Control Act of 1974
 - Estimated Allocation Impact to LEAs - \$138 million
 - State impact is greater

Program	Estimated Allocation Impact to LEAs
Title I-C (Migrant)	\$10,426,748
Title II-A	\$40,390,020
Title III	\$14,301,595
Title IV	\$23,785,698
21st Century	\$30,935,834
Adult Ed	\$18,379,705

Federal Funding Updates – Final Notes

- ADE took steps to minimize confusion for LEAs interfacing with the affected programs in Grants Management Enterprise (GME) for FY 2026 funding applications:
 - FY 2026 funding applications that have not been SEA Director approved will be reviewed, but not SEA Director approved until ED has provided a federal award
 - FY 2026 funding applications that have already been SEA Director approved will have a programmatic hold placed to ensure that potential reimbursements from the affected programs are not drawn down
- Notice was placed in GME and sent to contacts within GME

Federal Funding Updates – Final Notes (Continued)

- LEAs may eventually use federal FY 2026 funds to reimburse their organization for valid obligations made on or after the later of the following dates, contingent upon future grant awards from the USED:
 - The date the SEA may have begun obligating funds (i.e., July 1, 2025);
 - or the date the LEA submits its application to the SEA in substantially approvable form. (34 CFR §76.708(a))
- LEAs may use state and local funds to support the positions until funding sources are solidified

Federal Funding Updates

- Until more information comes from USED and OMB, LEAs can do the following:
 - Assess the current funding of the affected programs and identify impacts
 - Review applications and budgets to forecast and plan in the interim, and for LEAs that have carryover for the respective programs, use carryover to support current programs
- ADE is still working with multiple states to obtain more information, and we will try to keep the field posted as quickly as possible regarding the matter

Federal Funding Updates – Special Education (1 of 3)

- Special education funding for the current year remained the same nationally
- Arizona did receive a slight decrease due to the standard funding formula, but it was insignificant for Public Education Agencies (PEAs)
- Exceptional Student Services (ESS) has been putting additional monies into high-cost areas to ensure no funds remain to expire to the Office of Special Education Programs (OSEP)
- Preschool grant funding will see upward adjustments from ESS for fiscal year 2026 to ensure no monies expire

Federal Funding Updates – Special Education (2 of 3)

Grant	Fiscal Year 2025 State Award	Fiscal Year 2026 State Award	Percent Change
IDEA Section 611	\$250,457,071	\$249,608,658	-0.34%
IDEA Section 619	\$6,010,894	\$6,010,894	0.00%

Federal Funding Updates – Special Education (3 of 3)

- Special Education funding will be maintained in the future
 - Federal Fiscal Year 2026 (2026 – 2027 school year) presidential budget
- However, it is proposed that the federal government wishes to block the grant into one block from three sources
 - IDEA Part B School-age grant (Section 611)
 - IDEA Part B Preschool grant (Section 619)
 - IDEA Part D National activities
 - Support activities related to improving services for children with disabilities, including personnel development, technical assistance and dissemination, technology, and parent-training and information centers.

Federal Funding Updates – Special Education Awareness

- Given the volatility of other federal programs, special education programs must be cognizant of their program budgets
- Ensure that grant funds are still primarily used on students with disabilities (exception for voluntary Coordinated Early Intervening Services)
- State funds should remain budgeted for special education; otherwise, PEAs risk failing IDEA Maintenance of Effort and will be required to pay back funds to ADE, which then would go back to the federal government

Federal Funding Updates – Last Items

- Proportionate Share requests to be used on the regular Part B expenditures document will be completed shortly
- PEAs will be required to provide evidence showing that the following has occurred in the school years 2023 to 2025:
 - Evidence of Consultation
 - Signed Affirmations
 - Communications with parents of homeschooled pupils and private school administrators discussing equitable services and/or the needs of the respective children with disabilities



Contact

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Grant Related Questions
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