



Facts in the Flood

Education First's analysis of federal education policy under the Trump Administration

Summer Update:
Reconciliation, Supreme Court, and ED Actions

August 1, 2025

Learn more: education-first.com/facts-in-the-flood

Executive Summary

Congress, the Supreme Court, and the US Department of Education (ED) took significant education policy actions in recent months:

- Congress passed the **One Big Beautiful Bill Act** (OBBBA), the most significant piece of legislation expected this year. The law focused on extending tax cuts and reducing spending, but it will impact education policy.
 - + Most of the impacts are on postsecondary education, including: **eliminating some student loan programs and spending**, creating **Workforce Pell Grants**, developing a new higher education **accountability system**, and **increasing taxes** on large university endowments.
 - + K12 education will be impacted through a **new school choice tax credit** and **significant cuts to Medicaid spending**.
- The Supreme Court ruled that **parents may opt out of LGBT-themed lessons** and **district courts cannot issue nationwide injunctions**. It let a ruling **blocking taxpayer-funded religious charter schools** stand and allowed the Administration to **continue layoffs at ED**.
- ED **limited undocumented students' access** to early childhood and postsecondary programs and **temporarily withheld \$6.8B** in K12 education funding.

Education First is publishing resources to help education groups navigate federal policy changes

Education First is a national, mission-driven strategy and policy organization that supports districts, states, nonprofits and foundations with improving public education.

We are publishing a series of resources about federal policy changes, called **Facts in the Flood**. Resources include:

**Strategies for
Responding**

**Federal
Policy
Resource
Hub**

**ESEA
Waivers 101**

**Federal
Education
Policy Primer**

**What to
Expect**

This deck, the Summer Update, summarizes the major federal policy changes from recent months and builds upon important ideas from previous resources.

Learn more: education-first.com/facts-in-the-flood



Overview of Recent Education Policy Actions

The primary tools for federal education policymaking are shifting over time

January - May	June - July	July - <i>present</i>
Executive Order (EO) Blitz • Trump signed an unprecedented number of EOs, largely aligned to Project 2025 and Trump's campaign platform. • Most of the key EOs outlined in those pre-election documents have now been issued.	The Other Branches' Big Moves • Congress passed the One Big Beautiful Bill Act (OBBBA) in July. The reconciliation rules used to pass it can only be used once per fiscal year. • The Supreme Court issued its major rulings at the end of its term in June. Only emergency rulings are expected from the Court until next June.	Agencies, Courts and Cuts • The Administration appears to be relying more on the US Department of Education (ED) to advance its agenda. • Federal courts will continue to issue rulings, but with new rules blocking nationwide injunctions. • Congress will likely be limited to budget and rescission bills. It is scheduled to recess until September.

Recent actions from Congress, the Supreme Court, and ED have impacted education policy, aligned to six key priorities

Color Key: **One Big Beautiful Bill Act (OBBBA)**, **Supreme Court ruling**, **ED action**, previous actions (mostly executive actions).

Roll back “DEI” policies

- *Withholding universities’ funds, contingent on anti-DEI changes*
- *EOs targeting DEI programs and transgender recognition*
- *“Dear Colleague” letter warning against DEI, loss of funding*

Increase immigration enforcement and deportations

- **ICE’s budget tripled**
- *Laken Riley Act*
- *Anti-immigration EOs*
- *ICE raids and deportations*
- *Increased vetting of student visas*
- *Undocumented residents registry*

Cut federal funding

- **Student loan program cuts**
- **Medicaid cuts**
- **Temporarily withheld K12 funding**
- *Cuts to IES, NAEP, grants, TA centers, NSF*
- *Revocation of ESSER funds*

Expand career pathways

- **Creation of Workforce Pell**
- **New higher education accountability system**
- *EOs on increasing apprenticeships; AI in work-based learning*

Expand school choice and “parents’ rights”

- **Federal tax credit established for school choice**
- **Parents allowed to opt out of LGBTQ-themed lessons**
- *EOs on prioritizing school choice in grants & “parental rights”*

Dismantle US Department of Education (ED)

- **Reduction in force (RIF) allowed to continue**
- **Interagency agreement to transfer grant distribution away from ED**
- *EO stating intent to close ED*

We can expect additional actions if the Administration continues to follow its pre-election policy agenda

In the coming months, **potential additional actions may include:**

Roll back “DEI” policies	Increase immigration enforcement and deportations	Cut federal funding
■ Attempts to limit DEI programs in higher ed via withheld funds or legislation*	■ ICE leveraging its new funding to increase immigration enforcement	■ More attempts to withhold funds ■ Potential recession bill to formally cut education funding ■ Congressional vote on FY26 budget*
Expand career pathways	Expand school choice and “parents’ rights”	Dismantle US Department of Education (ED)
■ Reauthorizing WIOA (bipartisan workforce development law)* ■ Supporting registered youth apprenticeships ■ Additional AI resources	■ Establishing “Parents’ Bill of Rights” for curriculum control ■ Allowing prayer in schools	■ ED decisions on state requests to waive federal requirements ■ Legislation to eliminate ED* ■ Senate hearings on ED appointees

Note: the “policy agenda” described here is the Trump campaign platform and the Heritage Foundation’s Project 2025 policy agenda.

*Legislation and appropriations bills would need to overcome a Democratic filibuster to pass.

Sources: [DonaldJTrump.com](https://donaldjtrump.com) (2024), [The Heritage Foundation](https://www.heritage.org) (2024), [CBPP](https://www.cbpp.org) (2025), [Chalkbeat](https://www.chalkbeat.com) (2025).



Congressional Actions

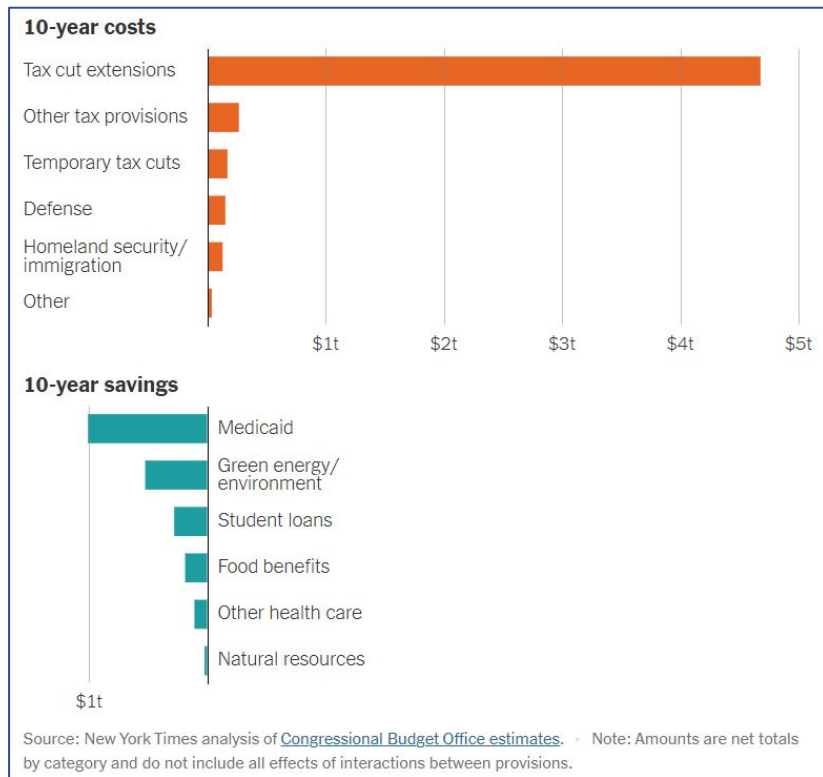
The One Big Beautiful Bill Act (OBBBA) is Congress' primary vehicle for enacting the Trump Administration's agenda

- **Congress narrowly passed OBBBA and Trump signed it into law on July 4**
 - + The bill passed with only Republican votes in the House and Senate. All Democrats and some Republicans voted against it.
- **Congress can only use the reconciliation process to pass one bill per fiscal year. OBBBA was that one bill for this year.**
 - + Reconciliation is a process that allows a bill to pass Congress with a simple majority. That means it can pass with only Republican votes.
 - + The only other bills that can pass without Democratic votes are rescission bills, which cut funding Congress had previously allocated. (Congress passed the only rescission bill introduced so far, which cut funding for foreign aid and public media.)

OBBBA primarily concerns fiscal policy: extending Trump's tax cuts and cutting some social programs

- At \$2.4 trillion, the bill is **one of the largest in recent American history**
- The bulk of the bill's spending is on **tax cuts**
- The bill also **nearly triples the budget for Immigration and Customs Enforcement (ICE)**
- The bill offsets about half of its cost via **cuts to spending on healthcare programs, green energy tax incentives, student loan programs, and food assistance**

Takeaway: Low-income and undocumented students are likely to be significantly impacted by the cuts to social welfare programs and increased ICE enforcement



OBBBA also makes major changes to education policy, with higher education most impacted

Postsecondary Changes

- **Makes significant changes to student loan programs.** Some of these are cuts:
 - + Eliminates SAVE and other income-based repayments plan and replaces them with a new plan Eliminates Grad PLUS loans and scales back Parent PLUS loans
 - + Public Service Loan Forgiveness is not significantly changed by Congress (although Trump has issued an EO to change it)
- **Creates a new Workforce Pell Grant Program** that will take effect in July 2026.
 - + Workforce Pell Grants fund short-term (8-15 week) career-related training programs.
 - + ED must verify that: programs exist for 1+ years; graduates have 70%+ job placement rate; tuition meets certain conditions based on graduates' post-program earnings
 - + Governors must verify that: programs alignment to “high-skill, high-wage or in-demand jobs”; credentials are stackable and portable; and programs provide academic credit
- **Creates a new higher education accountability system**
 - + For an institution to be eligible for federal students loans, its graduates must earn more than they would if they had not attended the program
- **Increases taxes on large private university endowments**
- **Expands 529 education savings account eligibility and withdrawal amounts**
 - + Allows accounts to be used for tutoring, homeschool curricula, online courses, and credentials

States will need to wrestle with the impacts of the creation of the new Workforce Pell program

Implications of Workforce Pell Grants

- How will states **balance the benefits and risks** of Workforce Pell Grants?
 - + Benefits:
 - Increased funding low income students and community colleges
 - Supports pathways work in states
 - + Risks:
 - Potential for unscrupulous or low-quality providers
 - Places further strains on federal Pell funding
- How will Workforce Pell Grants **connect to any pathways efforts** in states?
 - + Federal rulemaking will set the parameters for Pell eligibility before July 2026 launch. ED's staffing cuts will make this more difficult.
 - + It is not yet clear how much leeway states will have to align with existing credential subsidy programs with this program

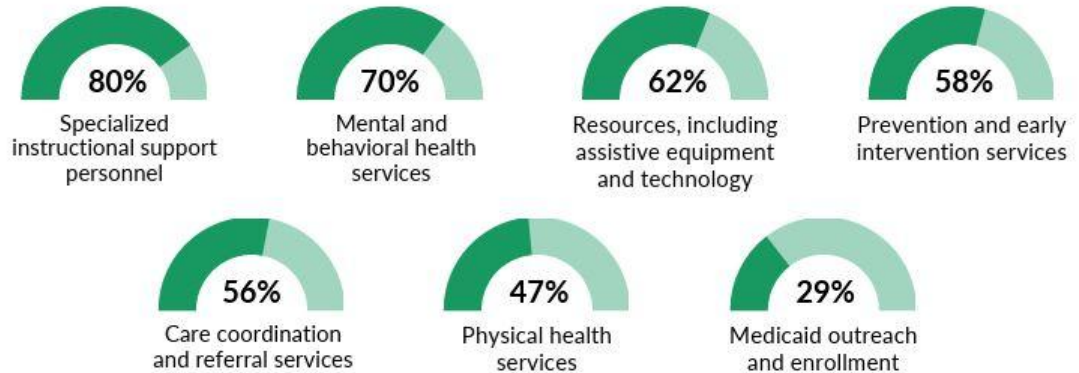
Medicaid cuts will have substantial impacts on school budgets

Scope of Medicaid Cuts

- The OBBBA cut of \$1 trillion to Medicaid over 10 years represents **more than 29% of state-financed Medicaid** spending per resident.
- Medicaid is the **4th largest funding source for K12 public schools**, providing an estimated \$7.5 billion annually.
- Medicaid covers services such as speech, physical, and occupational therapies and mental and behavioral health services; specialized medical equipment; assistive technologies; and transportation—including salaries of school nurses, psychologists and speech therapists.
- For the median school district, Medicaid **provides health coverage for over 40% of children**.

In a March 2025 nationwide survey by the Healthy Schools Campaign of 1,440 school district leaders— 90% predicted Medicaid cuts would lead to school budget cuts outside of health services.

To the right are the percentage of leaders that predicted cuts in each of seven school-related health service areas.



In addition to direct cuts, Medicaid cuts will have also downstream impacts on school funding

Implications

- Efforts to offset cuts to federal Medicaid and other funding will **pit state education funding against other needs** more than ever.
- Cuts to Medicaid will have **“domino” effects on other education funding**:
 - + LEAs will have to find other funding sources for legally mandated special education programs, such as services outlined in with students’ individualized education programs (IEPs).
 - + Students may become ineligible for other school-based assistance programs, including free meals, since districts often use SNAP or Medicaid eligibility to determine eligibility for such programs.
- Advocacy and political organizing on the impact of Medicaid cuts will be complicated in the short term by the fact that cuts will **take effect after the 2026 midterm elections**.

OBBBA also impacts K12 education by incentivizing the expansion of private school choice options

Tax Credit for School Choice	Implications
■ OBBBA created a new federal tax credit for donations to scholarship-granting organizations (SGOs), reimbursing 100% of donations up to \$1,700 per person annually. Students from families earning up to 300% of an area’s median income would be eligible to receive a scholarship. ■ SGOs can then spend this money on tuition or education expenses at private, religious or home schools. SGOs must be approved to operate in the state and spend at least 90% of its income on scholarships for eligible students. States can choose whether to opt in to allowing this tax credit. ■ The tax credit will go into effect in 2027 and has no sunset date. This means the credit will stay in place unless repealed. ■ Unlike other major federal education grants, there is no funding cap for this program. A Congressional Budget Office estimate the credit will cost \$26 billion over 10 years, but the real cost will depend on how many people claim the credit.	■ The opt-in provision creates significant state-level advocacy opportunities and pressures. ■ States with voucher and educational savings accounts (ESA) programs will need to consider how this tax credit impacts and aligns with their state system. ■ The unique structure and quick passage of this provision means that many education leaders may be unaware or confused by this program. More state- and local-level discussions of this program are likely needed before implementation.



Agency and Executive Actions

Trump Administration's actions are limiting undocumented students' eligibility for programs

Undocumented students' eligibility for programs

- Multiple agencies (including ED, HHS and USDA) issued new guidance on July 10 that **blocks undocumented students from accessing federally-funded postsecondary and early education programs**. Impacted programs are:
 - + Postsecondary CTE programs (from Perkins)
 - + "Dual enrollment and other similar early college programs" in K12 schools
 - + Adult education programs (from WIOA, Title II)
 - + Head Start
 - + School breakfast/lunch is likely not impacted but other food programs are (CACFP, WIC, and EBT)
- The Administration **temporarily paused the enforcement of these changes in 20 states; it continues in other states**.
 - + A coalition of 20 blue states and DC have sued the Administration to overturn this interpretation. The Administration paused enforcement of these changes until September 3, while the court case proceeds.
 - + The rule remains in effect for the 30 states that did not join this lawsuit.
- The change occurred through a new interpretation of agency rules, following from an earlier Trump EO. The rule change leverages process for defining "federal public benefits" created under the welfare reform law from the '90s.
 - + The Supreme Court's case in *Plyler v. Doe* (1982) allows undocumented students to access a basic K12 public education. This action from the Administration is looking to narrow the applicability of that ruling.

The Administration's freezing and then releasing of education funds created uncertainty in states and school districts

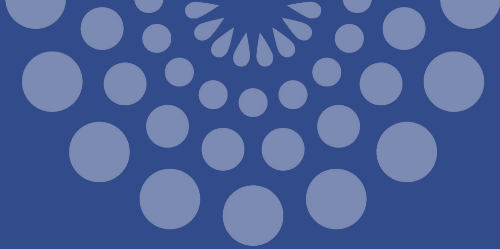
Temporarily Withheld Funds	Implications
■ ED withheld distribution of \$6.8B in congressionally appropriated funds that were scheduled to be released on July 1st. ■ On July 25, ED released the funds, following multiple lawsuits and a letter from 10 Republican Senators to OMB expressing concern that withholding funds “is contrary to President Trump’s goal of returning K12 education to the states.” ■ The temporarily withheld funds were from these programs: + Title I-C for migrant education (\$375 million) + Title II-A for professional development (\$2.2 billion) + Title III-A for English-learner services (\$890 million) + Title IV-A for academic enrichment (\$1.3 billion) + Title IV-B of funds for 21st Century Community Learning Centers (\$1.329 billion) + Adult Education basic grants (\$629.6 million) + Adult Integrated English Literacy and Civics Education grants (\$85.9 million)	■ The withholding of these funds may signal funds the Administration will target for cutting in the future, either via executive action or a rescission bill in Congress. ■ Upon releasing the funds, the Administration announced there would be new “guardrails” on the funds to ensure they do not conflict with Executive Orders or Administration priorities. ■ Analyses by Ed Week and New America showed how many funds were being withheld by state and by congressional district.



Supreme Court Actions

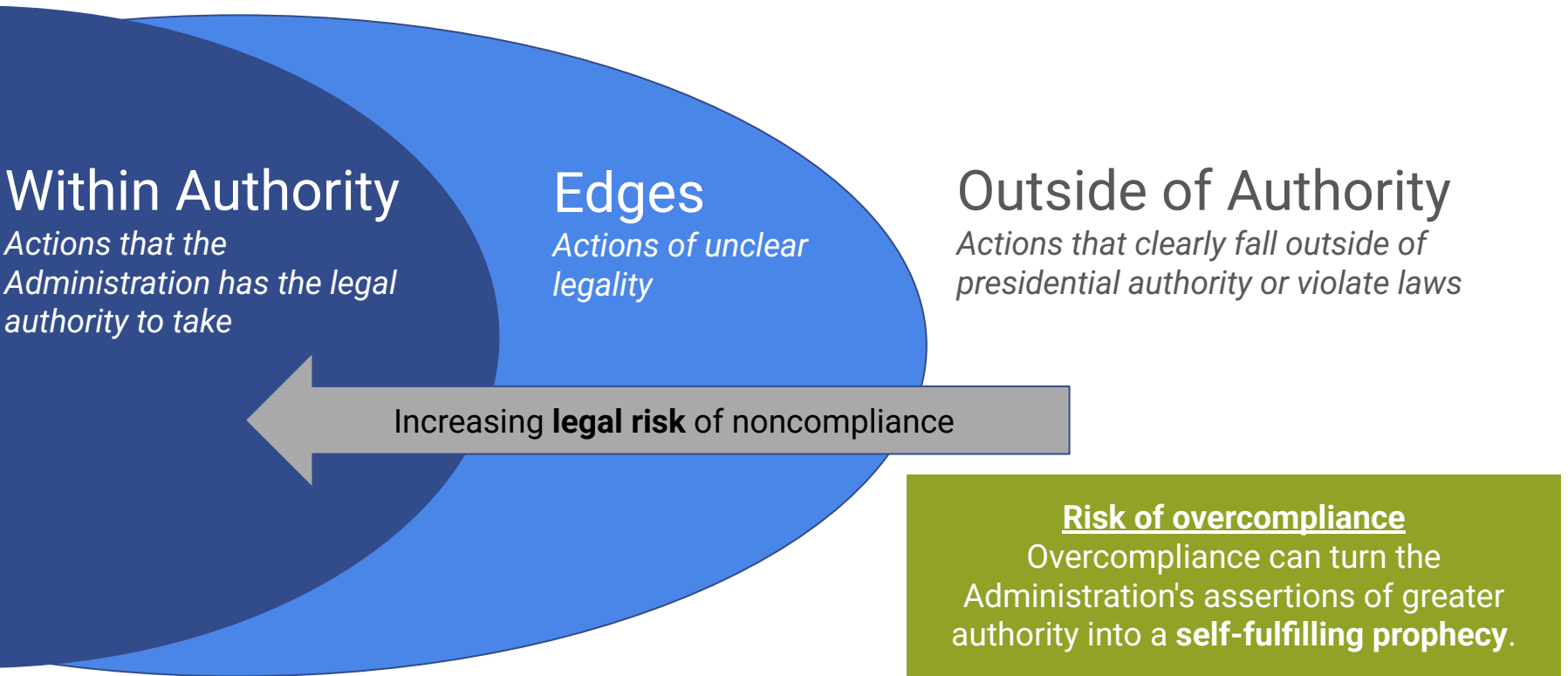
Major Supreme Court rulings are shaping education policy as well as the legal options available to plaintiffs

- ***Mahmoud v. Taylor*** (6-3 decision)
 - + Court said Maryland **parents may opt-out of lessons that use LGBTQ-themed storybooks**. The state's refusal to allow opt-outs violated the parents' rights related to religious freedom.
 - + This could have significant implications on state and district control of school curricula.
- ***Oklahoma Statewide Charter School Board v. Drummond*** (4-4 decision)
 - + This case tied because Justice Barrett recused herself, meaning the lower court's ruling remains in effect.
 - + The result is that **charter schools that receive state funds cannot be religiously-affiliated**.
 - + If this issue returns to a full Court in future years, a much different ruling is expected.
- ***Trump v. CASA, Inc.*** (6-3 decision)
 - + Federal district courts **may not issue nationwide injunctions**. Many education-related court rulings this year came from nationwide injunctions.
 - + Going forward, nationwide rulings can only happen via emergency orders from the Supreme Court or class-action lawsuits.
 - + In all other cases, lower court rulings will only apply to the plaintiffs that sued. This will likely create a patchwork of different "red state" and "blue state" rulings, as we have recently seen with the undocumented student rule (see *previous slide*).
- The Supreme Court **allowed ED's mass layoffs to continue** via an emergency order.
 - + The Trump Administration can continue its efforts to cut ED's staff by nearly half since taking office.
 - + Most of the Court's most important rulings between now and next summer will likely come from emergency orders.



Strategies for Responding

The Administration has an expansive view of presidential authority. Many of its actions go beyond its current authority.



Organizations cannot eliminate risk; instead, they face a tradeoff between “Legal Risk” and “Mission Risk”

Legal Risk

Risk of legal action and its associated consequences (i.e., legal costs, fines, reputational damage) as a result of not complying with federal orders.

Mission Risk

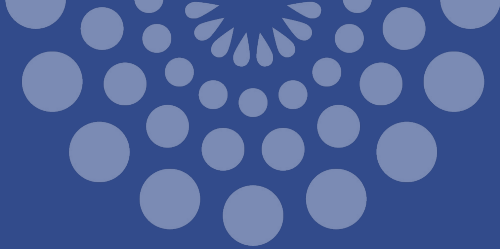
The risk to an organization's mission, values, purpose, etc. by taking actions (or inactions) counter to that mission, such as in response to federal orders.

If organizations focus solely on reducing legal risk, they may unintentionally increase mission risk, and thus their overall risk.

The safest course of action is to consider the tradeoffs between both types of risk.

Advice for navigating this moment

- **Spread it out.** Build coalitions and understanding. The new burdens (legal advice and litigation, policy analysis, etc.) are overwhelming for one organization, but manageable when shared.
- **Slow it down.** If you are opposed to the Administration's policies, do not overcomply. The Administration's political capital decreases over time, and more court cases are likely.
- **Hope for the best; prepare for the worst.** Conduct scenario planning for how your organization will respond to the range of potential funding and policy changes.
- **Leverage your autonomy.** Nonprofits have more autonomy than public employees. And as the federal government reduces its role, states have increased autonomy and new opportunities.
- **Push back and push forward.** It's important to defend your mission from threats, but don't stop there. Continue to move important work forward.



Appendix



The Scope and Tools of Federal Education Policymaking

The federal government plays a limited, but important, role in education funding and policymaking

Funding

Postsecondary education is more reliant on federal funding than K12 education.

- **K12:** Provides 14% of K12 education funding. Key programs include: Title I (aid to disadvantaged students); Title II (teacher and principal training and support); IDEA (support for students with disabilities); National School Lunch Program; and Perkins (career education).
- **Postsecondary:** Provides 27% of funding for 2-year public IHEs and 18% for 4-year public IHEs. Key programs include: managing the federal student loan system, Pell grants for low-income students and federal research grants to public and private IHEs.

Regulations

The federal government enforces protections for students in both K12 and postsecondary education.

- **K12 & Postsecondary:** Enforces federal protections related to: gender (Title IX), civil rights (Civil Rights Act), special education services (IDEA and ADA), etc.

Data & accountability

The federal government oversees national data collection for K12 and postsecondary education and sets up separate accountable systems for each.

- **K12:** Sets parameters for state-run accountability and testing systems (via ESSA).
- **Postsecondary:** Sets rules for the accrediting bodies overseeing colleges and universities (via HEA).
- **K12 & Postsecondary:** Collects and publishes national education data and funds research.

States control all policies within their state not delegated to the federal government, per the 10th Amendment of the Constitution.

Republicans control the executive branch and have narrow control of both houses of Congress

Branch	Political Control	Powers Available to Party in Control
Legislative	Republicans have a majority in both chambers of Congress: ■ Senate: R 53, D 47 ■ House: R 220, D 215*	✓ Republicans can pass budget-related bills via reconciliation or rescission ✗ Republicans cannot pass partisan legislation (cannot override a Democratic filibuster in the Senate)
Executive	Donald Trump holds the presidency and appoints agency leadership	✓ Trump can issue executive orders and take executive actions that do not contradict law ✓ US Department of Education (ED) can make administrative changes and issue guidance and regulations ✓ Trump can use the “bully pulpit” to influence media coverage
Judicial	The federal judiciary is nonpartisan	✓ Federal court system can resolve disputes over the interpretation of federal laws and the Constitution. Cases escalate from district courts to appeals courts to the Supreme Court. ✓ Supreme Court can bypass lower courts via its “emergency docket”