Federal Policy & Legislative Update for K-12 Leaders

Direct from the halls of Congress to the heart of Arkansas

Presented by

Kimberly Glass, Lea Metcalf-McDonald, and Amanda Bittle

Session Overview

- Key federal legislative and policy developments impacting K-12 education
- Updates on federal funding priorities and oversight
- Emerging regulatory shifts affecting district operations
- Strategic considerations for Arkansas school leaders
- Preparing programs for the 2026-2027 school year

Federal Education Landscape

Accountability & Transparency
Increased congressional attention on accountability and fiscal transparency

Federal Oversight Debate
Ongoing debate regarding the future scope of federal education oversight

Evidence-Based Outcomes
Continued emphasis on evidence-based practices and measurable outcomes

Grant Spending Scrutiny
Heightened scrutiny of federal formula and discretionary grant spending

Political & Budget Cycles
Potential shifts in priorities tied to national political and budget cycles

Federal Funding Updates

Appropriations Monitoring
Monitoring appropriations for Title I, II, III, and IV programs

Budget Negotiations
Potential impacts of continuing resolutions and federal budget negotiations

Compliance Focus
Increased focus on allowable use of funds and supplement-not-supplant compliance

Fiscal Monitoring
Expanded expectations for fiscal monitoring and documentation

Sustainability Planning
Importance of sustainability planning for federally funded initiatives

FY26 Recap (Money for SY26-27)

Program	House FY26 Proposal	Senate FY26 Proposal	Final FY26 Proposal
Title I, Part A	$14.626 billion (-$3.78 billion)	$18.457 billion (+50 million)	$18.427 billion (+20 million)
IDEA, Part B	$14.234 billion (+20 million)	$14.264 billion (+50 million)	$14.234 billion (+20 million)
Title II, Part A	$0 (-$2.19 billion)	$2.19 billion (level funds)	$2.19 billion (level funds)
Title I, Part C	$0 (-$376 million)	$376 million (level funds)	$376 million (level funds)
Title III, Part A	$0 (-$890 million)	$890 million (level funds)	$890 million (level funds)
Title IV, Part A	$1.385 billion (+5 million)	$1.380 billion (level funds)	$1.380 billion (level funds)
REAP	$225 million (+5 million)	$225 million (+5 million)	$225 million (+5 million)
Impact Aid	$1.630 billion (+5 million)	$1.625 billion (level funds)	$1.630 billion (+5 million)
Head Start	$12.272 billion (level funds)	$12.357 billion (+85 million)	$12.357 billion (+85 million)

FY 27 President's Budget *Request*

Program	FY26 Final	President's FY27 Proposal	House FY27 Proposal
Title I, Part A	$18.427 billion	$18.427 billion (level)	$16.532 billion (-$1.9 billion)
Title I, Part C (Migrant)	$376 million	$0 (-$376 million)	$0 (-$376 million)
Title I, Part D (Neglected & Delinquent)	$49 million	$0 (-$49 million)	$0 (-$49 million)
IDEA, Part B	$14.234 billion	$15.401 billion (+$1.2 billion)	*To be determined*
Title II, Part A	$2.19 billion	$0 (-$2.19 billion)	$0 (-$2.19 billion)
Title III, Part A	$890 million	$0 (-$890 million)	$0 (-$890 million)
Title IV, Part A	$1.38 billion	$0 (-$1.38 billion)	$1.385 (+$5 million)
Title IV, Part B	$1.33 billion	$0 (-$1.33 billion)	$1.33 billion (level)
REAP	$225 million	$0 (-$225 million)	$230 million (+$5 million)
Impact Aid	$1.63 billion	$1.63 billion (level)	$1.635 billion (+$5 million)
Head Start	$12.357 billion	$12.357 billion (level)	$12.367 billion (+$10 million

Programs TI-D, T-II, T-IV, & T-V are "consolidated" into the Make Education Great Again (MEGA) grant funded at $2 billion as a part of the President's Proposal.

Digging Deeper

FY 27 Proposed Budget

$15 Billion

Total cuts from existing education programs

IDEA Consolidation

Eliminates funding from all IDEA programs except **Infants & Families** and **Special Olympics**

-$678 Million (Total Eliminated)
+$489 Million (Increase to IDEA, Part B)

MEGA Grant Consolidation

Replaces **17 K-12 programs** with a streamlined block grant model

-$6.5 Billion (Original Funding)
+$2.0 Billion (New Block Grant)

Note: Figures represent the FY 2027 Proposed Budget Request for K-12 education policy.

Digging Deeper

FY 27 Proposed Budget

Program Elimination

More than $3 billion

- English Language Acquisition
- Migrant Ed
- Special Programs for Migrant Students (HEP)
- Teacher Quality Partnerships
- TRIO
- GEAR Up

Program Reductions

- **-$17 million** STOP School Violence
- **-$20 million** Project AWARE

Significant Cuts

Targeting specialized student support and teacher development programs.

Note: Figures represent the FY 2027 Proposed Budget Request for K-12 education policy.

MEGA Grants

Programs Consolidated into $2 billion MEGA Grant Program	
Program	FY26 Funding
Comprehensive Literacy State Development Grants	$194 million
Innovative Approaches to Literacy	$30 million
Neglected & Delinquent (Title I, Part D)	$49 million
Supporting Effective Instruction Grants (Title II, Part A)	$2.190 billion
Student Support and Academic Enrichment Grants (Title IV, Part A)	$1.38 billion
21st Century Community Learning Centers (Title IV, Part B)	$1.33 billion
State Assessment Grants	$380 million
McKinney Vento	$129 million
Rural Education Achievement Program	$225 million
American History and Civics Academies	$23 million
Magnet Schools	$139 million
Arts in Education	$34 million
Alaska Native Education	$45 million
School Safety National Activities	$190 million
Promise Neighborhoods	$91 million
Javits Gifted & Talented Students	$17 million
Statewide Family Engagement Centers	$20 million
TOTAL	**$6.466 billion**

The One Big, Beautiful Bill Act

- Includes approximately $1 trillion in reductions to Medicaid
- Shifts a greater share of SNAP costs to individual states
- Adjusts administrative cost sharing to 75% state / 25% federal, effective October 1, 2026
    - Arkansas estimate: $67 million (up from $43 million)
- Implements a cost-benefit sharing change effective October 1, 2027
    - Arkansas estimate: $51 million
- Eligibility changes are expected to affect direct certification and ISP, with downstream impacts on CEP

USDA: School Meals Regulations

- New school nutrition regulations are expected this quarter
- Will align with the new Dietary Guidelines for Americans
- What we're watching:
  - New limits on "highly processed foods"
  - Implementation timeline
  - Opportunities for flexibility

EDUCATION FREEDOM TAX CREDIT

How the New Federal Tax Credit Could Impact K–12 Education

📚 KEY BENEFITS

💰 Uncapped, permanent dollar-for-dollar federal tax credit

🎓 Donations go directly to Scholarship Granting Organizations (SGOs)

👨‍🎓 SGOs distribute scholarships to eligible students

🚌 Funds may support tuition, transportation, technology, tutoring, curriculum, supplemental programs, and special-needs services

🔄 HOW IT WORKS

1️⃣ Donor makes a charitable contribution to a qualified SGO.

2️⃣ Donor receives a federal tax credit of up to $1,700.

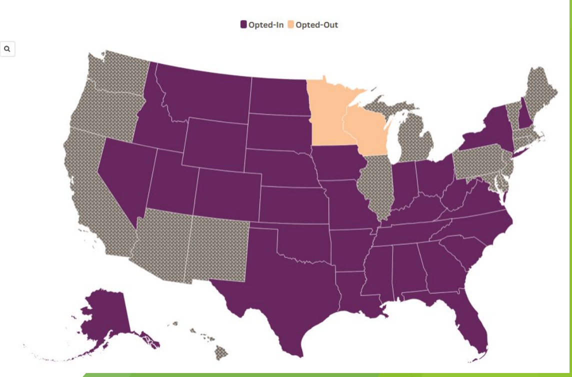
3️⃣ Credit directly reduces federal taxes owed.

4️⃣ Unused credits may be carried forward for up to five years.

⚠️ IMPORTANT: This is NOT a tax deduction. It is a direct reduction of federal tax liability.

📊 Estimated Federal Revenue Impact: $50 Billion Over 3 Years

Article



Understanding the Education Freedom Tax Credit

👨‍👩‍👧 WHO IS ELIGIBLE?

- Anyone can donate to a Scholarship Granting Organization (SGO)
- Only eligible students may receive scholarships
- Families must earn less than 300% of Area Median Income
- Many public-school families may qualify

❓ QUESTIONS TO CONSIDER

- Enrollment Impact
- Program Impact
- Staff Retention
- Budget Impact

⚖️ CHALLENGES

- Increased competition for student enrollment
- Growth of alternative education programs
- Competition for extended-day opportunities
- Possible shifts in funding

🌟 OPPORTUNITIES

- Additional funding for student programs
- Partnerships with SGOs
- Homeschool and hybrid-learning opportunities
- Employee giving initiatives

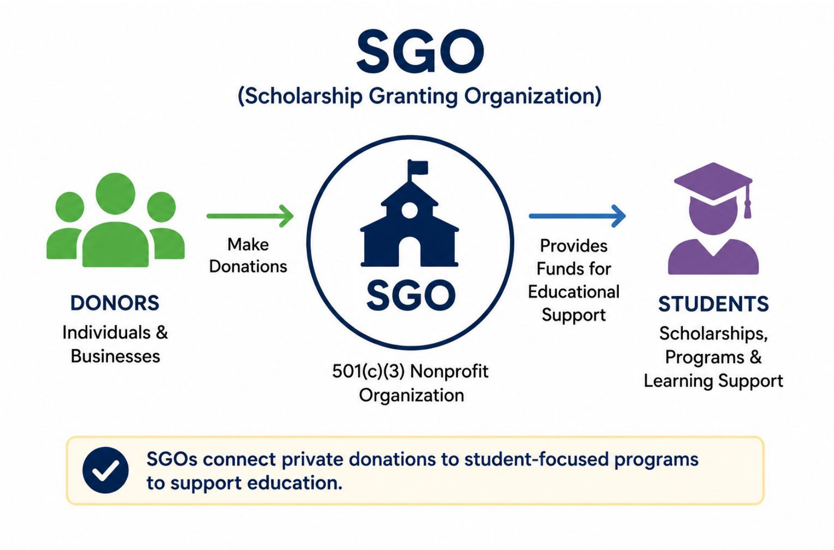
KEY TAKEAWAY: The Education Freedom Tax Credit presents both challenges and opportunities. Schools can maximize benefits through planning, partnerships, and a continued focus on student success.

Scholarship Granting Organization.

Nonprofit organization (501(c)(3)

Questions/Decisions For Your District

1. Does your district have a foundation—and can it become an SGO?
2. 501(c)(3) IRS approval is required (expect delays)
3. Consider partnering with your ESA to establish or manage the SGO
4. Define your SGO's role based on community needs and existing providers
5. Identify programs that could be launched with new funding
6. Plan how to engage staff and community members in supporting the SGO



ED Dismantling

Interagency Agreements

- [Article explaining Interagency Agreements]

  [New Interagency Agreement Article]

Changing Responsibilities

The interagency agreements detail which tasks the other departments will assume and what ED will still be responsible for.

What the Education Department Will Do	What Other Agencies Will Do
Receive congressional appropriations	Conduct grant competitions
Transfer those appropriations to other agencies	Decide who receives grant funds and how much
Conduct rule-making sessions and set guidelines for grant programs	Allocate grant awards
Publish grant application requests to the Federal Register	Field technical questions from applicants and grantees
Maintain all statutory duties and oversight	Integrate ED's programs with their own suite of grants
Manage and coordinate human resource/capital services	Manage defaulted student loans
Formulate budget proposals	Oversee foreign gifts and contracts
Coordinate GAO responses	Evaluate accreditation standards of foreign medical schools and determine their loan eligibility
Monitor risk assessments for programs	
Operate the Free Application for Federal Student Aid	
Manage most federal student loans	

Table: Jessica Blake/Inside Higher EdSource: Interagency AgreementsGet the dataCreated with Datawrapper

ED Flex Waivers

Assessment Waiver

Missouri granted this waiver in July 2025

Accountability Waiver

Iowa granted this waiver in January 2026

Two more states have applied for this waiver and more are expected to apply

Funding Restriction

ED Cannot grant any waiver that would change or alter allocations of funding to states or districts.

Guidance on the two primary types of waivers currently processed by the ED.

Arkansas Waiver

RECLAIMING ARKANSAS EDUCATION

Powered by LEARNS

[7.7.26 Governor Announced AR Waiver Approved]

[Facebook announcement]

Federal Policy
Areas to Watch
and
Implications for Districts

Policy Areas to Watch

ESSA & Accountability
Implementation and flexibility discussions for accountability systems.

School Improvement
Expectations for intervention strategies and educational outcomes.

Student Support
Initiatives focused on mental health and comprehensive support services.

Workforce Development
Strategies for teacher recruitment, retention, and professional growth.

Data & Compliance Modernization
Enhancing reporting, transparency, and overall compliance systems.

Uniform Grant Guidance - new revisions

- AASA has identified three initial concerns
- a change to Uniform Grant Regulations (UGR)

Policy Areas to Watch

Efforts to Limit Access for Immigrant Students

Legislative Foundation
Personal Responsibility and Work Opportunity Reconciliation Act of 1996

Agency Regulations
DHS Public Charge & USDA Terms & Conditions

Data Governance
Medicaid/DHS Data Sharing Agreement

Legal Challenges
Efforts to Overturn Plyler

Strategic Focus
Monitoring federal policy shifts to ensure continued access and compliance for all students.

Implications for Arkansas Districts

Proactive Planning
Need for planning amid uncertain federal timelines.

Internal Controls
Strengthening monitoring and program systems.

Alignment
Aligning district initiatives with federal and state priorities.

Capacity Building
Building capacity for strategic grant management.

Stakeholder Communication
Communicating effectively with boards, staff, and stakeholders.

Positioning Your Programs for Success

Compliance & Fiscal Reviews

Conduct comprehensive compliance and fiscal reviews to ensure program integrity.

Measurable Outcomes

Document program effectiveness with measurable outcomes and data-driven insights.

Contingency Planning

Prepare contingency plans for potential funding fluctuations to maintain stability.

Strategic Collaboration

Strengthen collaboration between finance, federal programs, and instructional teams.

Continuous Engagement

Stay engaged with policy updates and professional networks to remain informed and proactive.

Leadership Considerations

Adaptability

Lead with adaptability and transparency in all leadership actions.

Data-Guided Strategy

Use data to guide strategic decisions and resource allocation.

Student-Centered

Prioritize student-centered outcomes while maintaining compliance.

Staff Support

Support staff through policy transitions and implementation changes.

Forward-Looking Planning

Maintain a forward-looking approach to federal program planning.

Discussion & Questions

- What federal developments are creating the greatest concern for your district?
- Where do you anticipate the greatest implementation challenges?
- What supports or resources would strengthen district readiness?

Resources

https://www.aasa.org/

https://nafepa.org/

https://www.ed.gov/

Interagency Agreements

Thank You

Kimberly Glass
Springdale School District
kglass@sdale.org

Lea Metcalf-McDonald
Texarkana School District
lea.metcalf-mcdonald@tasd7.net

Amanda Bittle
McGehee School District
amanda.bittle@mcgeheeschools.org

Preparing Arkansas educators for a changing federal landscape