



Report on Loss of Federal Funds

89th Legislative Session, General Appropriations Act, Article III, Rider 87

October 2025

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1.0 Report Overview

This report is in response to the Texas Education Agency General Appropriations Act, Article III, Rider 87, 89th Legislature, Report on Loss of Federal Funds. The information below is accurate and up to date as of October 1, 2025

Rider 87. Report on Loss of Federal Funds. Out of funds appropriated above, the Texas Education Agency shall produce reports that detail how funding, programs, and student achievement are impacted by any reduction of federal funds from the Department of Education made on or after January 20, 2025. The agency may coordinate with the Legislative Budget Board to produce the report. The reports must be submitted to the Governor and Legislature and published on the agency website, with the first one due by October 1, 2025, and the second one due by August 31, 2026.

Pursuant to Article III Rider 87, *Report on Loss of Federal Funds*, of the *General Appropriations Act for the 2026-2027 Biennium*, the Texas Education Agency (TEA) is providing this report to the Governor and the Legislature detailing how funding, programs, and student achievement are impacted by any reduction of federal funds from the Department of Education made on or after January 20, 2025.

2.0 Loss of Federal Funds: Background, Timeline, Results

2.1 Background of Certain Federal Fund Levels During Fiscal Year (FY) 2025

Background of Certain Federal Fund Levels Administered by TEA during FY 2025

On January 28, 2025, TEA was made aware that the U.S. Department of Education (USDE) was considering pausing federal fund disbursements and limiting access to the system used to request federal funds. This was resolved by February 4, 2025. While the system was temporarily interrupted, LEAs experienced no interruption of funding, and therefore there was no related impact to programs or student achievement during this time.

Other federal funding streams were temporarily interrupted in the subsequent months, beginning with the rescission of the ESSER funding extension on March 28, 2025. The timeline below is a summary of key changes in federal funding throughout FY 2025. As of July 25, 2025, USDE has reinstated all paused funding administered by TEA.

2.2 Timeline of Certain Federal Funding Action

Date	Federal Funding Action	Amount
March 28, 2025	<u>ESSER extension rescinded; remaining funds lapsed</u> USDE modified the liquidation period for programs funded under CRRSA and ARP acts to end on March 28, 2025, as opposed to their previously approved liquidation extension period set to end on February 28, 2026	\$ (235,188,668)
May 8, 2025	<u>Certain ESSER funding reinstated via appeal</u> USDE granted TEA's April 3, 2025, appeal for consideration to extend the liquidation period for a subset of projects deemed most directly tied to addressing learning loss of students during COVID	\$ 39,096,600
June 26, 2025	<u>All remaining ESSER funding reinstated</u> USDE returned all states to the liquidation process in place prior to their letter dated March 28, 2025	\$ 196,092,068
July 1, 2025	<u>Certain Title funding withheld</u> USDE announced further deliberations related to potential Grant Award Notifications (GAN) that would obligate funds for Title I-C, II-A, III-A, IV-A, IV-B grant programs	\$ (479,207,142)
July 22, 2025	<u>Title IV, Part B (21st CCLC) released</u> USDE sent the GAN for Title VI-B funds for the budget period beginning 7/1/2025	\$ 130,573,406
July 25, 2025	<u>Remaining Title funding released</u> USDE announced they would begin releasing funding for the current federal and education fiscal year for Title I-C, II-A, III-A and IV-A formula programs	\$ 348,633,736
	Total Federal Funding Loss as of July 25, 2025	\$ -

2.3 Result of Federal Funding Disruptions

Result of Federal Fund Disruptions

Between March 28, 2025, and July 25, 2025, TEA worked to ensure funding disruptions to LEAs were minimized. The timing of temporary disruptions may have resulted in changes to LEA spending plans; however, we are not able to quantify the impact of those decisions on projects, programs and student achievement at this time. For title funding in particular, given the short timelines involved in any funding disruption, it seems unlikely there will be an impact to LEAs or students as it relates to those funds.

TEA has also been made aware of certain federal funds from the Department of Education that were cancelled or paused that are not administered by TEA. TEA is unable to determine what impact, if any, the cancellation or pause of funding related to the Regional Educational Laboratories and Comprehensive Centers - federally funded entities that produce and disseminate research to inform education policy and practice - and direct Teacher Grants that went directly to the vendors/organizations have had on these programs and student achievement at this time.